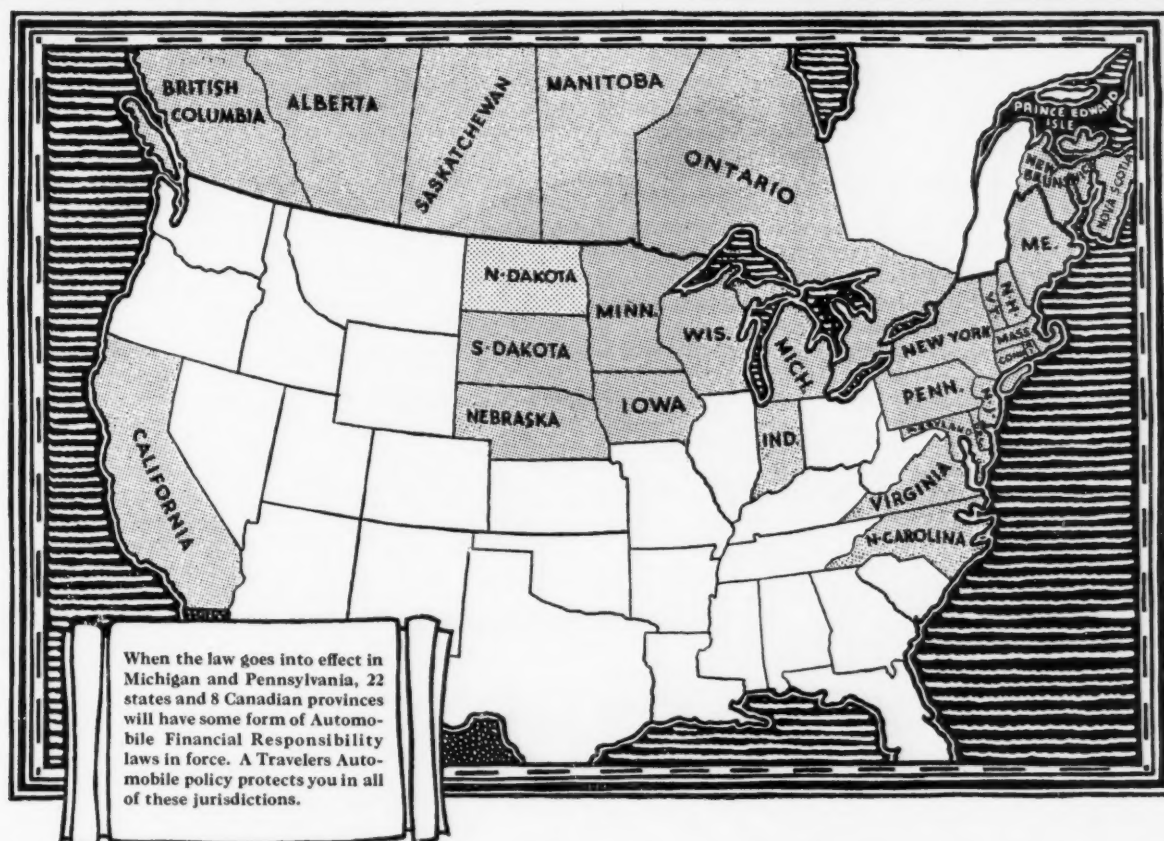


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# The National Underwriter

A WEEKLY NEWSPAPER OF INSURANCE

THURSDAY, OCTOBER 26, 1933



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# The National Underwriter

Thirty-Seventh Year—No. 43

CHICAGO, CINCINNATI, NEW YORK AND SAN FRANCISCO, THURSDAY, OCTOBER 26, 1933

\$4.00 Per Year, 20 Cents a Copy

## New Developments Scanned by Clark

W. I. B. at Semi-Annual Meeting  
Hears of Recent  
Changes

### CHAIRMAN MAKES REPORT

Reviews Additional Hazards Supplemental Contract, Including Hail  
Cover in Wind Policy

H. A. Clark, western manager Firemen's of Newark, in his report to the semi-annual meeting of the Western Insurance Bureau at French Lick, Ind., as chairman of its board of directors, reviewed some of the important changes introduced at the instance of the subscribers' actuarial committee and the considerations that were involved.

The additional hazards supplemental contract, as finally approved, is limited to risks of the dwelling class, including buildings and household furniture occupied in part for dwelling purposes. The subscribers' committee felt this is not the opportune time to introduce the use of this form on risks of the mercantile and manufacturing classes. As finally approved, the hazards of earthquake and sprinkler leakage were not included in the contract. Instead of an automatic reinstatement clause, as originally proposed, the present plan contemplates reinstatement of loss to be left to the discretion of the insured. The rates vary according to the tornado and hail rates applying in the different states. The understanding is the contract does not apply to buildings where the dwelling occupancy is purely incidental to the general occupancy of the risk.

#### Hail in Wind Cover

Mr. Clark reviewed some of the considerations that led to the decision to bring hail coverage automatically under the windstorm policy except at the present time in Michigan and Ohio. The penalty for the addition of the hail coverage was fixed at 2 cents except in certain states. There was a decision to attempt as early as possible to put into effect in Wisconsin an additional charge of 4 cents on the present tornado rates for the hail coverage or to compensate the companies for the reduced tornado rates in effect under the tornado rate reduction order five years ago. There was to be no change in Iowa and Kansas since the combined tornado and hail rates had been in effect in those states. In Kentucky, the decision was to place the combined rates on a net basis, thereby eliminating the addition of the 12½ percent increase and that the combined rate be the net tornado rate increased two cents for risks of ordinary construction to take up the 12½ percent increase but no increase be added to risks of superior wind-resistive construction.

(CONTINUED ON PAGE 32)

## Van Schaick Declares Cut Rates Weaken Companies

### DEPRESSION SHOWS DANGERS

New York Superintendent Addresses  
Brokers' Association—Urges Help  
for Better Laws

NEW YORK, Oct. 25.—Insurance brokers can render an invaluable service in bringing about improved conditions in insurance if they will utilize their contacts with their clients to gain active public support for progressive insurance legislation which conditions have shown to be desirable but which supervisory officials are likely to find difficult to obtain without such public backing. Superintendent Van Schaick of the New York department told members of the General Brokers' Association of New York at their eighth annual dinner. If insurance supervision in 1940 is to be more effective than it was in 1930 or earlier, it must have such statutory improvements, Mr. Van Schaick said, making it clear, however, that he did not refer to additional power but rather to the types of activity to which control would be extended. Because of the troubles into which some companies had fallen, because of the depression, the department has been enabled to determine in a short time remedial measures which it might otherwise have taken many years to arrive at, he said.

#### Cut Rates Weaken Companies

Mr. Van Schaick warned brokers against dealing with companies which might hold out special inducements in way of cut rates or other irregularities. Experience has shown, he said, that continuance of such practices leads to weakness and disaster, placing the broker in an embarrassing position in relation to the client whose insurance he has covered in such a company.

Judge Albert Conway, former superintendent, was toastmaster. Brief addresses were made by Arthur Arnow, president of the association, and Nathan Greenbaum, chairman of the banquet committee.

### San Francisco Offices to Merge

SAN FRANCISCO, Oct. 25.—According to reports on the street in San Francisco the long discussed merger of H. R. Mann & Co. general agency with California Agencies, general agents for the Continental Casualty and other companies will be completed about Dec. 1. The merger will strengthen California Agencies for fire business and Mann & Co. for casualty lines. For past several months California Agencies has been writing casualty business for Mann's office.

#### Kansas Blue Goose Luncheon

J. S. Jensen of the Fire Association, who has recently moved from Kansas City, Mo., to Topeka, was in charge of the Blue Goose luncheon there Monday. It was announced by Dick Cherry that the Blue Goose party planned for November will probably be held early in December. George Danley will preside next week.

## S. C. Dorsey Reelected as Vermont Agents' President

### MEETING HELD AT RUTLAND

Frederick Hickman Represents National  
Association and Reports on Chi-  
cago Convention

RUTLAND, VT., Oct. 25.—With a round of golf for the men and a bridge party for the women to add a social atmosphere to the occasion, the Vermont Association of Insurance Agents held its annual convention here. The 125 delegates reelected S. C. Dorsey of Rutland as president, chose Edward Livingstone of North Troy as vice-president and A. C. Mason of Rutland as secretary-treasurer. The agents presented Miss Mary L. Milo of St. Albans, who retires as secretary after five years' service, with a purse of money.

George Kent of Barre, Munn Boardman of Burlington, Will H. Wills of Bennington, Wilfred Lawrence of Springfield, S. S. Watkins of St. Albans and Arthur K. Hawkinson of St. Johnsbury were elected to the executive committee.

#### Hickman Gives Chicago Report

Echoes of the 1933 National convention at Chicago were brought to the Vermonters by Col. Frederick Hickman of Atlantic City, N. J., a member of the national executive committee. He also explained the insurance code under the NRA. Former Congressman John E. Weeks of Middlebury entertained the conventioners with some of his experiences during 50 years in the insurance business.

Thomas C. Cheney of Morrisville, chairman of the New England advisory board; Deputy Insurance Commissioner Carl M. Spencer of Montpelier and Earl V. K. Willson, Rutland business man, spoke briefly.

The low gross card in the golf match for local agents was returned by Arthur Hawkinson of St. Johnsbury. The match for special agents resulted in a tie between F. W. Stein, Glens Falls, N. Y., and Hyman H. Kinsman, Rutland.

### Col. Dunham in Chicago

Commissioner H. P. Dunham of Connecticut is in Chicago this week conferring with Superintendent Ernest Palmer of Illinois on important matters as well as meeting with some of the insurance people. He will be in Detroit the latter part of the week.

## Kansas and Wisconsin Meetings Are Reported

Special inserts in this issue give detailed reports of the proceedings of the Kansas Association of Insurance Agents and Wisconsin Association of Insurance Agents. The Wisconsin meeting which was at Fond du Lac, is covered by Roy W. Landstrom on Page 18, and the Kansas meeting at Hutchinson by Byron R. Ward on Page 26.

## Code Discussion Held in New York

Many Chief Executives of Companies, Leading Agents Debate NRA Stand

### COOPERATION ASSURED

Harmonious Joint Gathering of All Interests Is Held on Correcting Evils in Business

NEW YORK, Oct. 25.—Following a thoroughly harmonious joint gathering of fire, marine and casualty company officials with representatives of the National Association of Insurance Agents, the American Association of Insurance General Agents and the Insurance Brokers Association at the Hotel Pennsylvania here today, the subjoined statement was issued to the press:

Whether the local insurance agents of the country will proceed with the immediate filing of an amended NRA code of fair competition or whether they will defer such action pending further action together with fire, marine, casualty and surety companies, toward setting up machinery within the business for the cure of evils and abuses complained of, was left for final decision to the proper committee of the National Association of Insurance Agents.

#### Treat Matters Frankly

The conference was the largest attended in the memory of those participating. Allan I. Wolff of Chicago, president National Association of Insurance Agents, presided as chairman of the special committee appointed at the agents' annual convention in Chicago. Representatives of all branches of the business took part in the discussions which were full, frank and temperate. All aspects of the problems presented by the code situation were treated openly and freely.

The question of unfair competition naturally was recognized as one on which unanimous agreement is most difficult of attainment. It was generally conceded that unfair competitive practices do exist on the part of both companies and agents, and that no reasonable step should be left untaken to remedy them.

#### Executives Offer Cooperation

The best method of correcting such practices was a major subject of most earnest consideration. Company executives who entered into the discussions expressed great sympathy for the problems of the agents and indicated their hearty willingness to cooperate in arranging relief.

They also pointed out that some of the points covered in the agents' tentative program would, in their opinion, place the companies in conflict with certain state laws, to the immediate harm

(CONTINUED ON PAGE 32)

## Wisconsin and Texas Will Not Require Balance Data

### NO LISTING OF DELINQUENTS

**Mortensen Has No Power to Suspend Agents' Licenses—Texas Agents Protest Recognized**

MADISON, WIS., Oct. 25.—Commissioner H. J. Mortensen is not requiring companies doing business in Wisconsin to file quarterly reports of agencies who are delinquent in their balances. Mr. Mortensen gave no reason for his decision.

Wisconsin has no law enabling the insurance commissioner to revoke or suspend an agent's license when he is derelict in the matter of balances. It is known that Mr. Mortensen believes the commissioner should have this power where the agent is not conducting his business "on a plane consonant with the insurance business," or in case of defalcation or willful neglect. During the last session of the Wisconsin legislature Mr. Mortensen advocated that the insurance department be given such authority, pointing out that the commissioner has the authority to determine the attitude of insurance companies, and take action if they find the companies using sharp or unethical practices.

### TEXAS BOARD DECISION

AUSTIN, TEX., Oct. 25.—The Texas board of insurance commissioners has decided not to adopt the resolution of the National Convention of Insurance Commissioners recommending that the companies report all agencies which are 90 days or more delinquent in the payment of balances. The board's action was taken after the board of directors of the Texas Association of Insurance Agents adopted resolutions opposing the suggestion.

In notifying J. K. Boyce, president Texas association, of the commission's action, Fire Commissioner Raymond Mauk pointed out that while the members of the Texas board recognize the right of the commission to ask for any information pertinent to the business, the "wholesale action contemplated by the commissioners convention is most untimely and can do nothing but coerce and harass the agents."

At the meeting of the Texas association directors in Austin at which the resolution opposing the reporting of delinquent balances was passed, other problems were discussed, including company checking office in Texas, new agency contracts, premiums collected by agents as trust funds, insurance codes, repeal of the anti-trust laws, the 60-day loss payment rule, home office contracts between insurance companies and mortgage loan companies, company rate violations and membership campaigns. Commissioner Mauk and R. B. Cousins, secretary Texas Fire Prevention Committee Association, met with the agents.

## Manufacturing Plants Used as Warehouses in I. U. B.

Some disturbance has been caused in the field because of the practice of handling on an I.U.B. basis manufacturing plants, which have been temporarily converted into warehouses, where the plants are operating only 5 or 10 percent of capacity. This has resulted in the shifting of several risks to agents and companies that have invoked the I.U.B. in behalf of such risks. Manufacturing plants are not eligible to I. U. B. treatment, but warehouses are eligible and since so many plants are operating at a small degree of capacity, there is considerable field for switching them over to the I.U.B.

## Wins Cup for Service to the Agency System



H. E. McKELVEY

H. E. McKelvey of the Edwards, George & Co. agency, Pittsburgh, is the winner of the cup for having made the most outstanding service to the American agency system during the year. The award was made at the Chicago convention of the National Association of Insurance Agents.

## Yerger Jackson Board Head; Arrange Fellowship Session

JACKSON, MISS., Oct. 25.—At its annual meeting here this week, the Jackson Local Board arranged for a fellowship meeting of the Jackson local agents and all field men traveling in Mississippi, to be held at the Robert E. Lee hotel, in Jackson, Oct. 30.

John Sharp Williams III, manager of the Mississippi Association of Insurance Agents will be a speaker. An invitation has also been extended to E. N.

## Kentucky Agents Aroused Over Pearl Getting Line

### REPORT COMPANY AS ACTIVE

**Claim Is Made That It May Corral Some of the Big Whisky Business**

LOUISVILLE, Oct. 25.—Resentment has been manifested in both local agency as well as field circles over the alleged writing of marine coverage on the Louisville municipal bridge, by the Pearl of London, which is understood to be planning to enter the state at an early date. The Pearl applied for admission in 1932, but never supplied the state insurance commission with information desired, and a license was not issued.

Agents were rather put out with the idea of city controlled business going to this company, but the bridge was built and financed by a Toledo and New York bond house, which has something to say about the placing of the insurance, in that the bridge does not become property of the city until it pays its way out from tolls over a period of about 20 years. It was reported that the Pearl quoted 16½ cents on this structure, as against 22½ cents by organization companies.

Indications are that the Pearl will be admitted to the state, in view of the fact that it is apparently planning to write large whisky lines, and is reported to have secured through eastern interests one large risk, and to have another pending involving two of the large whisky plants that are shortly returning to operation. However, it is not absolutely essential that the company be admitted in order to write this business.

O'Beirne, Atlanta, southern manager for the Automobile, to speak.

The board elected Wirt Yerger, of Ross & Yerger president, and Harvey L. Nelson, of the Hart Insurance Agency, secretary, Mr. Yerger succeeding William Pullen and Mr. Nelson succeeding R. W. Roberts.

## New Farm Rules and Rates Adopted in Mountain Field

### PROVIDE COMBINATION FORM

**Application Is Part of Contract—Approved by Farm Underwriters Association—Revolutionary Changes**

DENVER, Oct. 25.—The new rules and rate schedules recently adopted by the managing committee for farm business in the mountain territory will soon be published by the Mountain States Inspection Bureau, Manager Walter J. Kulp announced. They have been approved by the Farm Underwriters Association. Loss ratios in farm business in this field had become alarming under the daily report system. Few inspections were made, and it appeared necessary, either to discontinue writing farm business entirely, or to revolutionize underwriting practices.

### New Combination Form

A combination form and application is provided under the new rules. The applicant agrees that his application shall constitute a part of the policy contract, and warrants that all his answers to the questions asked in the application blank are true and correct, and that the falsity of any answer in his application shall bar his right to recover from the insurance company in the event of loss, rendering his policy null and void. The application goes thoroughly into the description of buildings, other insurance carried, title, encumbrance, fire record and others. The form embraces many provisions, including the three-fourths value clause on buildings.

Comprising the rating formula are the basic rate with credits for certain types of chimneys, walls, partitions, foundations, roofs, lighting systems and other improvements. A detailed report is also required from the agent. Definitions do not apply to mercantile risks, summer cottages, commercial hatcheries or dude ranches.

### Builders' Risks at Regular Rates

Builders' risks are assumed by the companies at regular rates applying to the risks when completed and permission given to complete without extra charge. However, short rate for term granted is required for builders' risks to obtain tornado coverage. Special rules are provided for fancy live stock if covered in excess of certain values.

The basic rate on dwellings and contents and barns and contents, fire and lightning, is \$1.25 in Colorado and \$1.40 in Wyoming and New Mexico.

### Hail Coverage Omitted

Although it was announced prior to conferences between the Farm Underwriters Association and members of the managing committee that hail coverage probably would be mandatory with tornado, this provision finally was omitted. Schedules are provided for sweet potato warehouses and contents, incubators and brooders, buildings containing them, and their contents, excepting commercial hatcheries; also private farm elevators and farm power machinery.

The new farm rule book covers many other subjects, including short rate and cancellation schedules. The new rules, forms and rates are the result of nearly two years of strenuous work by a committee of Mountain Field Club members, including Chairman Howard Reynolds, Home; B. M. McDonald, Aetna, and H. J. Helmkamp, America Fore, to whom much cooperation was extended by the legislating authorities.

### Ohio Field Meetings Postponed

The first Tuesday in November being election day, the meetings of the Ohio field clubs have been postponed to the following day.

## THE WEEK IN INSURANCE

H. A. Clark reports on new developments at semi-annual meeting of Western Insurance Bureau. **Page 3**

Vermont Association of Insurance Agents reelects S. C. Dorsey president. **Page 3**

Company executives, agents and brokers hold harmonious joint meeting in New York on NRA program. **Page 3**

Superintendent Van Schalk of New York tells brokers that cut rates weaken companies. **Page 3**

Western Insurance Bureau has short semi-annual meeting, approving recommendations for firm stand on loss matters. **Page 5**

Insurance Institute of America holds 25th anniversary meeting in New York; officers reelected. **Page 6**

Texas and Wisconsin will not require reporting of delinquent agencies. **Page 4**

Appeal of members of Inland Marine Underwriters Association from fine arts term coverage restriction denied by organization. **Page 5**

Some companies and agents contend 60-day loss rule of National Board should be rescinded. **Page 5**

Kentucky agents aroused over reported aggressions by the Pearl of London. **Page 4**

New farm rules and rates adopted in mountain territory. **Page 4**

C. H. Durham, general manager of the London Assurance, at its head office, is succeeded by Arthur E. Morgan, who has been deputy general manager. **Page 8**

Program for the annual meeting of the California Association of Insurance Agents is announced. **Page 30**

Demand of Illinois department for \$250,000 guaranty fund deposit by London Lloyds is supported by attorney general's opinion. **Page 37**

Committee of Surety Association of America reaches amicable agreement with federal reserve officials over expediency of rule forbidding coverage on cash shipments sent by airplane with bank messenger. **Page 38**

No arrangements made to meet with London Lloyds' representatives on plan of reinsurance and withdrawal from direct writing in this country, surety men say. **Page 37**

American surety companies lose large chain bank risk to London Lloyds through low bid on blanket bond. **Page 39**

Reconstruction Finance Corporation decides to subscribe for preferred stock in the Maryland Casualty and Standard Accident. **Page 38**

Cleveland Accident & Health Sales Congress is record-breaking event. **Page 39**

Insurance committee of the American Bankers Association reviews changes put into effect by bonding companies during the last 12 months. **Page 37**

Accident underwriters are scanning their claims in the effort to cut down losses due to the conditions of the times. **Page 39**

Insurance engineers took part in the program at the annual meeting of the National Board of Boiler & Pressure Vessel Inspectors. **Page 38**



## Many Favor End of 60-Day Ruling

Some Companies and Agents See Emergency Loss Action Now Unnecessary

### PROPOSE RAISING LIMIT

Some Contend Stock Interests Are Injured—Others Firmly in Favor of Restriction

NEW YORK, Oct. 25.—Although there has been no definite action looking to abrogation of the 60-day loss rule adopted by the National Board last March, it is unquestionably true that some member companies would favor such procedure. Many agents also strongly incline to it and constantly urge it upon their companies.

The rule was agreed to by the National Board at a time when industrial conditions were in a state of utmost uncertainty and, company men felt, created a potential moral hazard that should be reckoned with. The initial arrangement was to postpone the payment of all claims 60 days after their adjustment, save only that losses of \$100 or less could be disposed of immediately. The limitation later was increased to \$500 per loss.

#### Loss Situation Improved

Almost immediately following adoption of the rule there was a pronounced decrease in the loss record, a condition that has continued. Not unnaturally, managers who favored the limitation rule attributed this result to its application, arguing that persons inclined to fire their property would hesitate if they realized that each blaze would be investigated thoroughly and that two months' time was allowed adjusters within which to delve into the merits of a claim.

On the other hand, some managers maintained that the improved loss situation might well be attributed to other causes, pointing to the fact that the same result was shown in a number of European and Asiatic countries, where companies continued to settle claims promptly.

#### Claim Stock Insurance Hampered

Local agents frequently address the companies urging abrogation of the National Board rule, saying stock companies suffer because of it in their competition with mutuals and reciprocals, which pay claims when settlement is reached. Countering, it is contended that any assured whose claim has been satisfactorily adjusted would encounter no difficulty in getting a loan from his banker and hence postponement of payment by the companies would entail no hardships upon him.

At the annual convention of the National Association of Insurance Agents in Chicago a resolution was offered to memorialize companies to cease deferring claim payments for 60 days, and while the resolution was later withdrawn it expressed the attitude of the agency body. It is worthy of note, however, that members of the Arkansas association only recently voted unanimously in favor of retention of the rule.

#### Suggest Raising Limit

That all member companies of the National Board are not in favor of the rule's continuance is evidenced by the frequent questioning of it heard "on the street." A suggestion that may be advanced in the near future is that the

(CONTINUED ON PAGE 33)

## Appeal of I.M.U.A. Members for Relief Action Is Denied

REQUIRE STRICT OBSERVANCE

Regulation Calls for Rewriting on Annual Basis All Term Fine Arts Risks by Nov. 1

NEW YORK, Oct. 25.—The appeal of several members of the Inland Marine Underwriters Association for relief from the rule of the organization requiring that all fine arts covers issued for term periods and under special forms and rates prior to the assumption of jurisdiction by the association over the line last January, be reformed not later than Oct. 31 was denied at a meeting of the body some days ago. Majority sentiment was that the rule as adopted six months or more ago be strictly observed.

Granting coverage upon fine arts was unregulated prior to the beginning of 1933, largely through the inability of the association to draft a satisfactory uniform policy, though various committees had been at work on the task for two years or more.

#### Much Term Business Written

When it became apparent that agreement would be reached and the organization would take control of the line and prepare rates and regulations for writing it brokers specializing on the business became aggressive in their solicitation of risks, tying up a large volume for three or five year periods and at rates generally held to be inadequate for the assumed risk.

To place the business upon a more stable basis the association last spring decided that henceforward it could be written only upon an annual basis, and decreed that all outstanding term policies must be reformed in keeping with the new rates and forms not later than the last day of October.

#### Run Into Large Amounts

While a number of the companies observed the requirement and put their respective houses in order, several neglected to do so thus far, and at the 11th hour sought an exception from the regulation. Lines on fine arts generally run into large figures, coverages anywhere from \$100,000 up to several million dollars each being not infrequent.

The Switzerland General has been admitted to Arkansas. T. F. Baker of Little Rock is designated as Arkansas agent.

## Louisville Again Seeks the Mid-Winter Meeting

The National Association of Insurance Agents decided last year to have its mid-year meeting at Louisville. In view of disturbed business conditions it omitted that conference. The Louisville Board members now however are asking that next year the National association carry out its original program and schedule the winter meeting in their city.

## Iowa Reference Book Is Out

Complete Compendium of Information Comes from the Press of The National Underwriter

The Underwriters' Hand-Book of Iowa for 1933 has just come from the press of THE NATIONAL UNDERWRITER. This book is of value to agents, brokers and companies interested in insurance in Iowa. Over 50,000 licenses are issued annually by the Iowa insurance department and these are all copied by the publishers and arranged in convenient form in the "Agency Directory." Figures showing premiums and losses for six years for fire insurance, two years for casualty insurance, classified as to lines, and six years of insurance written and insurance in force for life insurance in Iowa have been copied in advance of the publication of the Iowa report and are included in this new book.

#### Covers State Thoroughly

This new edition covers insurance in Iowa thoroughly and includes lists of companies operating in the state with their statements and field forces, local organizations, insurance laws, town classifications for fire protection, adjusters, attorneys, field men, general agents, local companies, etc. It is a very convenient book for any one interested in insurance in that state.

#### Camden Fire's Dividend

The Camden Fire has declared a semi-annual dividend of 50 cents a share, placing it on a \$1 annual dividend basis as compared with 80 cents before.

The insurance department of the District of Columbia has ratified the definition and interpretation of the insuring powers of marine and transportation underwriters adopted by the National Convention of Insurance Commissioners.

## W. I. B. Cuts Short Semiannual Meet

Business Expedited, Pleasures Sidetracked at Gathering Held in French Lick

### VOTE RECOMMENDATIONS

Optimistic Feeling Over Conditions in Territory Noted—Stand Firm on Loss Matters

FRENCH LICK, IND., Oct. 25.—Expediting business and sidetracking pleasures, the Western Insurance Bureau crowded its three-day semi-annual meeting, scheduled here for Oct. 24-26, into morning and afternoon sessions on the first day and adjourned with an optimistic feeling over conditions in the territory. Approximately 25 members attended, with all but one company represented.

Aside from the address of President Ralph Rawlings, principal interest centered in the recommendations offered by H. A. Clark of the Firemen's of Newark as chairman of the committee on losses. These recommendations, all of which were given blanket endorsement, included the following:

#### Recommendations Endorsed

Continuance of the practice to delaying payment of losses of over \$500 for 60 days; continuance of the agreement to decline to pay losses on cigarette scorch claims, and support of the Cook County Loss Adjustment Bureau, especially as to automobile losses, and the reporting of such losses to check the work of "repeaters." Activities of the Cook County bureau were described in detail at the meeting by Manager Clarke Munn.

The report on field men's clubs, prepared by R. S. Danforth, but submitted in his absence, urged a resumption of regional meetings. The plan will be taken up by the directors and acted on, probably next spring. The directors also were instructed to select the time and place of the next meeting.

(CONTINUED ON PAGE 35)

## Western Bureau Officials Meet



RALPH RAWLINGS, Monarch Fire President



HERBERT A. CLARK, Firemen's Chairman Executive Committee

## Manipulation by Agents to Delay Balances Is Criticized

NEW YORK, Oct. 25.—In an effort to discourage the cancellation of "paid-for" policies for the purpose of liquidating a delinquent agency balance at the expense of other companies represented in an agency, the National Board's executive committee has this week sent the following communication to its membership:

"At the meeting of the executive committee on Sept. 28, 1933, attention was directed to what is said to be a growing tendency on the part of some local agents to effect cancellation of policies upon which they have collected the premium but have failed to remit to the company, and to substitute therefor policies of another company, thereby transferring the agency indebtedness from one company to another and deferring the due date of balances.

"It is obvious that such procedure as that outlined is detrimental to the business of insurance, confusing and embarrassing to policyholders and therefore unsound in the interest of the insuring public. The executive committee has recommended that a communication be sent to the membership deprecating the practice."



## Insurance Institute Holds 25th Anniversary Meeting

VAN SCHAICK HONOR GUEST

President J. V. Barry Advocates Combining Insurance Courses Under One Direction

NEW YORK, Oct. 25.—The Insurance Institute of America held its 25th anniversary conference and luncheon this week. G. S. Van Schaick, New York superintendent of insurance, was a guest at the luncheon. He was presented by President J. V. Barry. Mr. Van Schaick's opening remarks were in praise of Mr. Barry as a former commissioner. He then commented on the growth of interest in study of insurance. This is the greatest hope for the future for higher standards are needed in the actions of executives and agents. Service of the future will be better and based on real knowledge because of the work done by educational institutions.

### Japanese Professor Present

Another guest was Dr. K. Fujimoto, professor of commerce, University of Tokio, who spoke. Institute prizes for 1933 were given as follows: Casualty branch, William Price, Los Angeles; fire branch, K. V. Crowther, Springfield, Mass.; life branch, D. C. Swan, Jr., Boston; marine branch, Percy Chubb, New York City; surety branch, C. I. Fisher, Providence, R. I. The Edward R. Hardy prize went to A. H. Hutchinson.

The meeting opened with the report of President Barry who traced the enviable and honorable course of the Insurance Institute through the past 25 years as a pioneer in insurance educational work. He advocated the even-

(CONTINUED ON PAGE 46)

## Proposal of H. O. L. C. Head in Florida Raises Furore

WANTS BLANKET WIND POLICY

Revives Question of Concentration of Insurance Through Federal Agency—Unusual Factors Involved

Much interest has been aroused by the solicitation from insurance companies of bids for a blanket tornado policy upon all properties upon which the Home Owners Loan Corporation acquires mortgages in Florida. Such bids were solicited in a circular letter from James R. Stockton, Florida manager for the Home Owners Loan Corporation. In many states, the agents have exacted from the state managers a promise that the insurance would be placed locally and assurance has been given from Washington that the fire insurance will be handled locally. One possibility is that tornado insurance could not be purchased from local agents in Florida.

### Receive Bids Oct. 30

Mr. Stockton's proposal is likely to cause a furore in insurance circles. It revives the big question of concentration of insurance through the various federal agencies. The agents thought they had this practice stopped when they received from the comptroller of the currency notification that bonds for receivers and conservators of national banks would be handled locally. This policy was announced after vigorous protests had been launched against concentration of the placing of these bonds in Washington. But the whole question with its important implications is revived by Mr. Stockton's proposal.

In his notice to insurance companies, Stockton said the Home Owners Cor-

(CONTINUED ON PAGE 46)

## Insurance Buyers Demand Voice in Shaping Contract

SAN FRANCISCO, Oct. 25.—Declaring its disappointment at the contention of stock company representatives "that only one party to the insurance contract should have any voice in framing it," the San Francisco Insurance Buyers Association announces plans for an open meeting at an early date with F. E. Slayter, Pacific Coast manager New England factory mutuals, as a speaker on "Cooperation Between Insurance Organizations and Assureds in Preparation of Insurance Contracts to Fit Individual Needs." The association expresses itself as feeling that it has "given stock companies and their representatives first opportunity to use our association as a medium for contacting the public, and that it is only fair to the non-stock interests to afford them similar opportunity. This especially in view of lack of interest which the managerial talent in San Francisco has so plainly exhibited in the affairs of our association."

The Buyers Association has invited representatives of the California Association of Insurance Agents to be present at the open meeting and suggests that these representatives be in position to report to the forthcoming convention of the California association the substance of Mr. Slayter's address and "the impression which these representatives believe the address made on the insurance buyers present." Commenting upon "the present method of having one party to the contract draft insurance forms without consultation with the other party or intimate knowledge of merchandising or manufacturing methods," the buyers declare this method to be "unsatisfactory to the policyholder and detrimental to the interests of stock companies and their agents since it practically compels a careful insurance buyer to avoid placing insurance in stock companies."

## Released Reserves Treated as "Free Income" in Ruling

WASHINGTON, D. C., Oct. 25.—Refusing to review a decision of the U. S. circuit court of appeals for the tenth circuit, the U. S. Supreme Court in effect approved the action of the Commissioner of Internal Revenue in treating as "free income" sums released by insurance companies from their reserves.

The case revolved around the sum of \$115,832 taken by the Utah Home Fire of Salt Lake City from its surplus and nontaxable income to build up to the required amounts its reinsurance reserve under a contract of reinsurance with the Hartford Fire.

Upon cancellation of the contract, which resulted in turning back to the Hartford Fire all insurance in force at the time, the return premiums were charged against the reinsurance reserve. The commissioner included in the company's gross income the entire amount of the net decrease in the reinsurance reserve without any allowance for the \$115,832 placed therein from surplus and nontaxable income.

The company appealed to the U. S. board of tax appeals on the ground that \$115,832 of the decreased reinsurance reserve charged against it by the commissioner constituted a return of capital, surplus or tax-exempt income. The board, however, upheld the commissioner's action, and its decision was affirmed by the circuit court.

R. R. Robertson, assistant manager London & Lancashire, spoke on "Above the Arctic Circle," at the San Francisco Blue Goose luncheon.

Charles Kemmler, for many years engaged in the fire insurance business in Columbus, died at his home in that city this week. He was a native of Germany.

## Utah Insurance Code Drawn Up by Committee of Agents

COMES UNDER NEW STATE ACT

All Forms of Coverage Embraced—Defines Agents, Solicitors and Brokers—Rebate Clause

SALT LAKE CITY, Oct. 25.—An insurance code of fair practices has been drawn up by a committee of insurance agents providing for enforcement by the Utah insurance commissioner. Commissioner E. A. Smith will present the proposed code at the annual meeting of the Utah Association of Insurance Agents here Saturday. The code comes under the Utah state recovery act which supplements the NRA in intrastate commerce. James Rogers of Rogers, Evans Company, Salt Lake City, headed the committee which prepared the code.

The code embraces all forms of insurance, including life, and defines an agent, a solicitor and a broker. Agents in all communities of 4,000 or more must be recording agents; a solicitor is one employed by an agent, and the definition of broker follows the new state law authorizing brokers.

The qualification clause gives the commissioner wide discretion. He may demand either a verbal or written examination to determine the qualifications of an applicant for a license.

### New Rating Bureau

The Utah Equitable Rating Bureau would be created under the code to handle rating, forms and underwriting for all lines except accident and health, life, surety, marine, and workmen's compensation.

A rebate clause in the code interprets the state law on rebating and an anti-coercion clause is aimed at practices of certain financial institutions.

Penalties for infraction of the code would be loss of license and a fine of \$500 and the cancellation of business written in connection with the infractions. A committee of insurance men will serve as advisory council to the insurance commissioner to report the conditions.

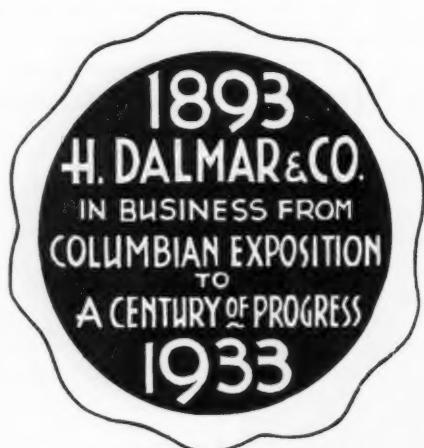
In addition to the discussions of the code at the annual meeting of the Utah association, Thomas H. Anderson, Liverpool & London & Globe, chairman of the Pacific Board states committee, and H. F. Badger, secretary of the Pacific Board, will speak. Mr. Rogers will report as chairman of the Utah committee and R. T. Winnerblom will give the report of the resolutions committee. C. C. Eubank, Ogden, will report on the national convention and E. M. Cannon will report as secretary-treasurer.

## Commissioner McClain of Indiana "Shark" on Poetry

H. E. McClain, Indiana insurance commissioner, who attended the annual meeting of the Industrial Insurers Conference at French Lick Springs last week, surprised some of the company officials and their wives in attendance at the meeting by his remarkable knowledge of poetry, ancient and modern. Mr. McClain's unusual ability along this line was brought to light at some of the informal social gatherings in connection with the convention. When any well known poem was mentioned, Mr. McClain was able to quote it, in full or in part, and with remarkable effectiveness. There were only one or two cases in which anyone was able to "stump" him.

Vice-President F. B. Luce of the Providence Washington has been spending some days visiting the western department in Chicago.

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*To write lines liberally*

**SMALL ENOUGH**  
*To give individual attention*

**YOUNG ENOUGH**  
*To grow by giving service*

**OLD ENOUGH**  
*To have profited by experience*



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## VIEWED FROM NEW YORK

By GEORGE A. WATSON

### UNCERTAINTY IN THE AIR

Decision by several fire companies to reduce their capital and transfer the funds thus released to net surplus attests the determination of these offices to maintain solvency under whatever valuation formula may be agreed upon by insurance commissioners for use in making up 1933 annual statements, and evidences further the belief of such offices that a sustained advance in present market quotations can not be relied upon. Though none, even so-called leaders in finance, can predict the trend of the stock market for the remaining two months of the year, so many and so varied are the factors that could influence values in either direction, the feeling of the conservative element in the insurance fraternity is that no material gain in security prices can be counted on. The result of the NRA move is uncertain.

That employment, taking the country as a whole, has been increased in recent months, and that many industries have increased their output, there is no question. Banks, however, are still displaying ultra-conservatism in their consideration of loans for business expansion, despite the appeal of the President for a more liberal attitude upon their part. They are not likely to be induced to change their policy until it is known just what Congress will do when it meets in December. That the legislative body will get into action and that radical measures will be proposed with respect to the operations of financial institutions is taken for granted in view of disclosures in Washington, but the form of the new proposals remains a matter of speculation. This is one of the main influences retarding any pronounced forward business development.

### TAX PLAN IS VETOED

Authorization by the state legislature of the New York City refinancing plan agreed upon by the city and the bankers, and the vetoing by Mayor O'Brien of the proposed asset tax on fire and life companies has eliminated the danger of this capital levy which aroused such a storm of protest from all insurance men.

No opposition has developed to the proposal by the bankers that the fire and life companies absorb a portion of the \$70,000,000 bond issue for unemployment relief. The fire companies have been asked to take \$2,500,000 of these bonds while the life companies would take about \$17,500,000, the remainder being taken by savings banks and commercial banks.

### ARTHUR MORGAN PROMOTED

E. W. Nourse, United States manager of the London Assurance, has announced the retirement of E. C. M. Durham, general manager in London, and of S. I. E. Crouch, secretary. Arthur E. Morgan, deputy general manager, becomes general manager and secretary. Mr. Durham joined the London in 1917 as assistant to the late James Clunes, who was then fire manager. Later he was successively joint fire manager, fire manager, manager of the fire and accident branches, and then, two years ago, general manager, the first to be appointed. He commenced his insurance career in Manchester at the head office of the Palatine and received an excellent early training at the hands of the late J. N. Lane. The Palatine was taken over by the Commercial Union in 1900 and Mr. Durham joined the staff of that company, and for years acted as foreign and colonial inspector. He was associated with Roger Owen until 1917 when he joined the London Assurance.

Mr. Morgan has been managing director of the Guildhall Insurance Company since its inception in 1919, a posi-

tion he will retain. The Guildhall under Mr. Morgan's management has been a successful undertaking. Mr. Morgan was appointed deputy general manager of the London Assurance when Mr. Durham became general manager in 1930. Before he went to the Guildhall Mr. Morgan was in the service of the Scottish Insurance Corporation.

### AFFECTED BY FLUCTUATION

United States managers of British companies have more than an academic interest in the fluctuations of the American dollar and its equivalent in pound sterling. Foreign quotations last week showed a difference of 8 cents in one day and there was an overnight change some weeks ago of 17 cents. President Roosevelt's plan of stabilizing the value of the dollar therefore will be of great interest to these underwriters. It is obvious that the lower the value of the dollar the greater the amount which may be purchased in London for transmission to this country, whereas the converse is true when American offices desire to remit funds to their home offices. The Pearl of London for instance sent \$500,000 to its New York office some months ago at an exchange rate it is said which was 50 cents different from the rate quoted today. Fifty cents disparity in the dollar value of a pound makes quite a different amount one way or the other.

### W. G. GRIER ON COMMITTEE

W. G. Grier, secretary in charge of the improved risk department North British & Mercantile, has been elected a member of the New York City committee of the National Fire Protection Association.

### Subterfuge Used to Avoid Reporting Few Delinquents

Some executives are disturbed by reports that subterfuges are being used by the companies in certain quarters to avoid reporting certain favored agents as delinquent to the state departments, which are requiring such information as of Oct. 1. The trouble seems to arise through the branch offices of companies rather than at the head offices.

### Take Notes of Agents

Some company representatives, who have the authority, are reported to have taken an agent's note in satisfaction, at least on the surface, of balances over 90 days. When an agent has received such a favor from one or more of his companies, the other companies are embarrassed. A company would be in a disadvantageous position if it should be the only one in the agency to report the agent delinquent.

The truth of the matter may be that there are only a few isolated cases where companies have accepted the agents' notes and that the reports have been magnified. Nevertheless, the story has caused uneasiness in some quarters.

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This is especially true of insurance, which exists only to fill a basic need. Other arguments are effective at times. But the cycle has returned to the fundamental one—protection. That must be emphasized now.

It is a really powerful appeal. Agents who overlook it may lose a greater share of business than the general decline

requires. (Some are actually increasing their volume.)

However, that is not the whole story. Analysis of every assured's business and its essential needs for protection to guarantee continued existence if loss occurs is equally important.

When these needs are exposed, the assured or prospect will readily recognize them. All this means hard work, but such emphasis on protection is profitable to agents.

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Capital, \$1,000,000.00 Organized 1918

GLOBE & REPUBLIC INSURANCE COMPANY  
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Capital, \$1,000,000.00

IMPORTERS & EXPORTERS INSURANCE  
COMPANY OF NEW YORK  
Capital, \$1,000,000.00

KNICKERBOCKER INSURANCE COMPANY  
OF NEW YORK  
Capital, \$1,000,000.00 Organized 1913

MERCHANTS AND MANUFACTURERS FIRE  
INSURANCE COMPANY  
Newark, N. J. (Chartered 1849)  
Capital, \$1,000,000.00

NEW YORK FIRE INSURANCE  
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(Incorporated 1832) Capital, \$1,000,000.00

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# Some Observations Made By Editor in Field Work

By RALPH E. RICHMAN

In their zeal to assure sound insurance protection for themselves and their clients, savings banks and other lending institutions have sometimes taken some inconsistent and illogical steps. For instance, an institution will issue instructions that no fire policies are to be accepted in any company with less than \$1,000,000 capital and \$1,000,000 surplus. Some of the largest and strongest companies have subsidiaries or affiliates with less than these sums in capital and surplus. Yet by reason of internal handling of the insurance when it is written, the policy in the small company is frequently backed not only by its own resources but has also the strength of the largest company in the group.

In order to protect their smaller subsidiaries or affiliates from suffering due to arbitrary rules of placing insurance which would not be made if the internal relationships among the companies in a group were understood, some of the more important companies may broadcast to interested parties the exact relationship between the various companies in the group in the matter of handling the insurance itself.

It has been disclosed also that some systems of rating throw out almost entirely mortgages and real estate holdings as outside the pale of a first class investment and at the same time set

up in the highest grade foreign investments without a close check-up of individual security issues in the foreign investment portfolio.

How is it possible for a company's statement to show a decrease in assets in a six months period and at the same time an increase in surplus? This question is coming in to some home offices from agents who have been examining the July 1, 1933, statement of a company and comparing it with Dec. 31, 1932. What has usually taken place is that a company issued its 1932 statement on the basis of the Insurance Commissioners Convention values and then issued its last statement on the basis of market values. The assets for Dec. 31, 1932, were valued on the convention basis, above actual market value but on the liability side most of the companies carried a contingency reserve to offset all or a part of the difference between the assets, valued on the convention basis and market prices. It is easy to see that when the statement is set up on market prices as of July 1, 1933, the assets will show a decrease as compared with Dec. 31, 1932, on the convention valuation basis. What is overlooked is that the contingency reserve is then discontinued on the liability side and part or all of this sum automatically appears under surplus. (CONTINUED ON PAGE 46)

## Chicago Board's Meeting Honoring Manager Glidden

The quarterly meeting of the Chicago Board will be held Thursday of this week. This will be particularly interesting because J. S. Glidden, manager will round out 25 years service with the organization. He will be given a handsome testimonial in the way of a book with an illuminated expression of good will signed by all class 1 members. The presentation will be made by O. E. Aleshire, former president of the board. The artist, E. M. King, will be present. President L. E. Yager will pay a tribute to Mr. Glidden. The North America has kindly allowed its collection of old house plates that it had on exhibition at the annual meeting of the National Association of Insurance Agents to be shown in the board rooms and Manager C. R. Tuttle will give an explanation of these historic relics.

Mr. Glidden's father, the late H. H. Glidden, was for many years manager of the Chicago Board and when Ernest Palmer succeeded him the younger Glidden became assistant manager, he assuming the chief executive post when Mr. Palmer was appointed Illinois insurance superintendent. He is regarded as one of the most efficient men in his position throughout the country.

## Few Pass Examination

NEW YORK, Oct. 25.—Of the 136 applicants for broker licenses but 65 were able to pass the examination of the New York department. It is figured there are close to 20,000 licensed brokers in the Empire State.

## Reach Agreement on Cotton

Under a newly effected arrangement, insurance on cotton in all South Carolina warehouses will be written through local agents and the two home companies. Satisfactory rates having been secured and an equitable distribution of commissions provided for.

## Pearl Assurance Examined by New York Department

An examination of the Pearl Assurance of London was concluded by the New York department last week. No details are available prior to the preparation of the final report to be submitted to Manager John F. Guinness of the United States branch for approval but it is known that the financial exhibit is a very excellent one. Compared with the annual statement for Dec. 31, 1932, this statement to be made as of June 30 will probably show an increase in reinsurance reserves of nearly \$1,000,000. The net surplus, reported at the end of 1932 as \$2,672,277, is understood to be in the neighborhood of \$2,119,000 in the June 30 report, but in view of the fact that the Stuyvesant reinsurance portfolio, taken over by the Pearl in April of this year, carried approximately \$1,250,000 in premiums, of which only a small portion was credited as earned on June 30, there is nothing extraordinary about this.

## Motor Cargo Form Adopted

A new motor freight form has been adopted in New Mexico, it is announced by Raymond Stebbins, secretary of the Mountain Field Club. The form is mandatory.

## May Cut Denver Protection

DENVER, Oct. 25.—The city of Denver faces the loss of 76 men in its fire department next year unless all members of the organization donate back to the city their salaries for 68 days, they were told by Mayor Begole, who said a reduction of 18 percent in expenses will be necessitated by an estimated drop of \$58,000,000 in assessed valuation of Denver property.

**Underwriters' hand-books** have been issued by The National Underwriter in 1933 for Colorado, Delaware, District of Columbia, Indiana, Iowa, Maryland, New Mexico, Ohio, Wisconsin, Wyoming and Chicago. Order from the Hand-Book Department, National Underwriter Co., 420 E. Fourth St., Cincinnati.



## How Agents Have Adapted Their Methods to New Conditions

By GEORGE WOHLGEMUTH

Agents have been forced to adapt and adjust their business to the changing conditions of the past two years. Many of the smaller agencies have given up their offices in the business districts and established headquarters at home. The agent's wife frequently takes on the additional duties of stenographer and office manager. Such an arrangement may mean a saving of from \$125 to \$150 per month—a stenographer's services, office and telephone being dispensed with.

Many agents have gone into other lines of insurance—a life agent takes on fire and casualty lines and vice-versa. Sometimes office space is shared with other agents.

Full-time insurance men would like to see the so-called "curbstone" agent eliminated—the person who gets a policy here and there with little or no knowledge of the business, relying mostly on friendships or personal connections for his business. There are probably fewer of this type of agent now operating than there were a short time ago since a certain amount of capital is required to run an agency satisfactorily and a more extensive knowledge of the business is necessary.

### Must Extend Credit

An agent has to be able to extend credit in order to get business. There is a certain amount of new business available, but it is still difficult to get prompt payment.

The agent today must be aggressive, well-informed and progressive to get along. He is in a highly competitive business, and only the agent who is keeping up-to-date and informed on the developments in his business will manage successfully. The personal control of business is decreasing and the agent today gets much of his business simply because he is better equipped than his competitor.

### Fewer Companies Represented

The number of companies represented by the average agency tends to decrease. A few good companies can handle any line the agent is able to give them and

### Copies of New Constitution and By-Laws of I. A. C. Sent

NEW YORK, Oct. 25.—Copies of the new constitution and by laws adopted by the Insurance Advertising Conference at its Briarcliff meeting have been mailed to members, together with a letter from H. H. Putnam of the John Hancock Mutual Life, president of the conference, setting forth the objectives of the new constitution, and noting the major points of difference from the previous one.

### Decision Governs Cotton Value

The state insurance board of Oklahoma in approving the buyer's transit cotton form submitted by the Cotton Insurance Association accepted the new rule for determining the value of cotton damaged or destroyed on the basis of the first open future's market in New York after the loss, and excluding previous methods of establishing the value. A question of the valuation or market for cotton in actual transit was not considered and the approval of the board was offered only to this method of obtaining valuation at certain designated points where the loss or damage might commence.

In view of a United States Supreme Court decision, setting forth the carriers' liability for damage to goods in transit, the decision would govern cases to which it applied.

it saves him much time and effort in bookkeeping.

There are quite a few women in the business, many of whom are capable and as well qualified as the average insurance man. They have a greater preju-

dice to overcome and consequently those who are in business have to be above the average in order to remain there. Almost always they are well-informed, enterprising, and up and coming.

### More Accounts Needed

Because of the decline in average premiums the agent must get a greater number of accounts and policies in force if he is to keep his volume up to a good percentage of what he formerly had.

Some type of automatic cancellation is favored by many agents. However, other agents prefer to be in a position to judge

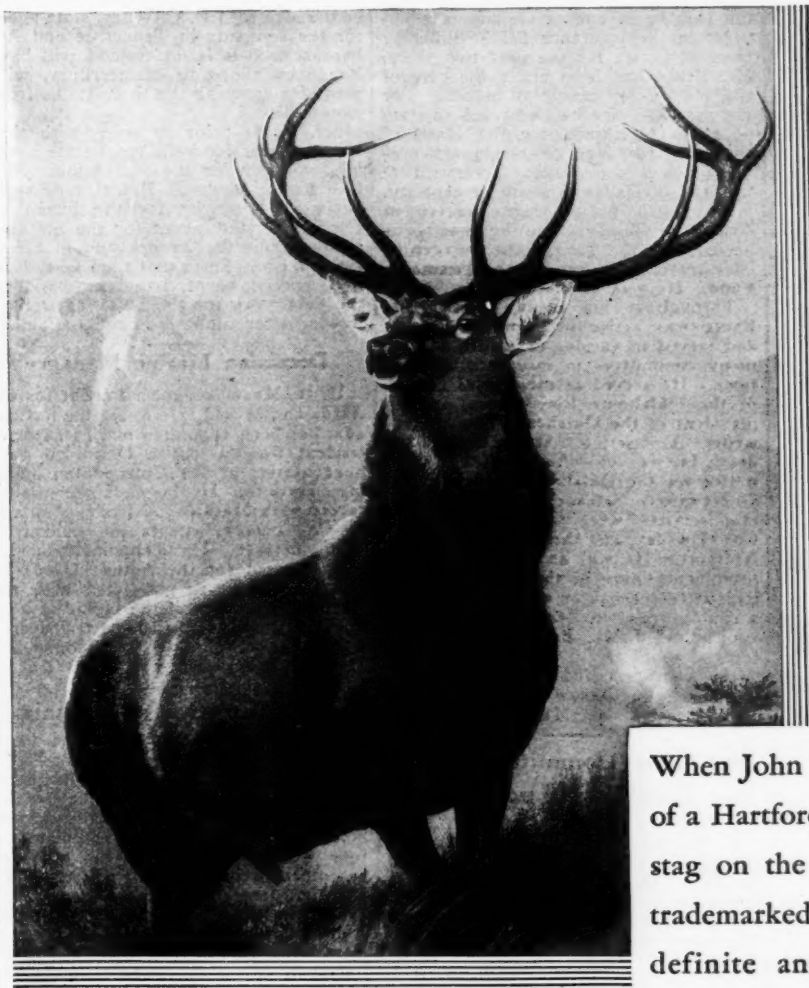
each individual case than to operate under an inflexible cancellation rule.

### Miscellaneous Notes

S. E. Wylie of Wylie & Thompson, well known local agent at Chester, S. C., died Saturday at the age of 59.

J. A. Rudolph of Gainesville, Ga., has purchased the fire and casualty interest of the W. C. Ham Insurance Agency. Mr. Ham retains the life business.

Paul B. Sommers, vice-president American of Newark and A. R. Phillips, vice-president Great American, visited Pacific Northwest agencies in Seattle and Portland during the past week.



When John Public walks into the office of a Hartford agent and sees the familiar stag on the walls, or receives a policy trademarked with the stag, there is a definite and certain reaction in his mind. That trademark is, John Public knows, the symbol of a company that has been paying its claims promptly and in cash for 123 years, and is as sound as ever. To him the stag is a symbol of confidence—and thus an asset to the agent who displays it.

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INSURANCE  
COMPANY  
PITTSBURGH, PA.**

## NEWS OF FIELD MEN

### Oklahoma Field Veteran Dies

**Stanley R. Bruce Had Served Hartford Fire in That State More Than 20 Years**

The death of Stanley R. Bruce of Oklahoma City, Sunday in the Mayo sanitarium at Rochester, Minn., marked the passing of one of Oklahoma's pioneers in the insurance field. Suffering from ill health for the past two years, Mr. Bruce had been under the care of the Mayos for nearly a month. For the past 23 years he had acted as state agent in Oklahoma for the Hartford Fire and for four or five years previously had represented Trezevant & Cochran of Dallas in a similar capacity.

He began his insurance career in Ardmore, Okla., where he was connected with the Tom Cornelius agency, later traveling Texas for the Fireman's Fund. He was 56 years old.

Throughout his entire career, Mr. Bruce was active in insurance circles, and served in various capacities and on many committees in insurance associations. He served as most loyal gander of the Oklahoma Blue Goose, and as president of the Oklahoma Fire Underwriters Association. At the time of his death he was vice-chairman of a committee for the Oklahoma branch of the Underwriters Salvage Company. Funeral services were held at Oklahoma City Tuesday, and the interment was at Ardmore. He was an outstanding and prominent figure in the state. During legislative seasons or when anything of a public relations nature had to be consummated Mr. Bruce was selected for the job.

He was succeeded as state agent in Oklahoma by George Wyatt, following his resignation last May.

### Blue Goose Committee Will Establish Illinois Puddle

C. W. Ohlsen of Chicago, assistant manager of the Sun, who is most loyal gander of the Illinois Blue Goose, has appointed a special committee to establish a puddle in some downstate center. The committee consists of J. D. LaTeer, Agricultural, Peoria, chairman; J. L. Foster and R. E. Minner, Home of New York, Springfield; C. B. Temme, St. Paul F. & M., and J. H. Kinnaid, Security of Connecticut, Decatur; W. L. Schreiber, National Liberty, Peoria; D. M. Vance of Bloomington; F. C. Bertiaux, Hanover, Streator, and D. T. Smith, Milwaukee Mechanics, Winchester.

The Illinois Blue Goose is conducting a drive to increase its membership. As a special inducement the cost of joining has been reduced from \$5 to \$3, the dues being waived for all new members from date of application to June 30, next.

### Ohio Inspection Schedule

Fostoria, O., was inspected Thursday by the Ohio Fire Prevention Association, H. R. Underwood and D. C. Pugh being in charge. Speakers included J. W. DeCessna and H. K. Rogers, Western Actuarial Bureau, Chicago.

East Liverpool will be inspected Nov. 15. Plans also are being made for an inspection of Dayton in the spring, probably in May.

### Kansas Meeting Date Changed

The regular meeting of the Kansas Fire Underwriters Association, which was to be held Nov. 7, has been changed and will now be held Oct. 31 in Topeka. Charles F. Thomas, Chicago, manager of the Western Underwriters Association, will be present.

### May Widen R. C. Wade's Field

**State Agent of State of Pennsylvania in Tennessee and Arkansas May Take on Kentucky as Well**

LOUISVILLE, Oct. 25.—S. P. Rodgers, secretary of the State of Pennsylvania, has been in Louisville for a conference with R. C. Wade, state agent for the company in Tennessee and Arkansas, who it is understood will have Kentucky added to his territory, with plans for covering the three states from Louisville.

Mr. Wade prior to going with that company was for some years state agent in Tennessee for the Philadelphia Fire & Marine. James B. Bethel, now state agent in Kentucky for the Fireman's Fund, was state agent for the State of Pennsylvania in Kentucky up to a few months ago. Since that time C. I. Emrich, special agent, has been handling the field work for the State, as well as looking after Globe & Rutgers affairs.

### Dominion Marine Manager

D. H. Macaulay, special agent for the Aetna and World Fire & Marine in Canada, has been appointed marine superintendent for the entire Dominion with headquarters at 510 Metropolitan building, Toronto. He began his insurance career with Macaulay, Nicolls, Maitland & Co., general agents in Vancouver, B. C., in 1918. Until appointed marine special agent for the Aetna in 1931 he was for ten years connected with the marine department of the Home of New York. P. S. May has been transferred from the home office to become Mr. Macaulay's assistant.

### G. A. Garrett Dies Suddenly

George A. Garrett of Cleveland, Ohio state agent for the Automobile of Hartford, died suddenly last Saturday. He was one of the oldest field men for the Automobile in the west. Only a week before his death he had completed a four weeks trip through his territory accompanied by Assistant Secretary R. R. Stone from the home office.

Mr. Garrett started traveling for the Automobile in Indiana. Then he was transferred to San Francisco as superintendent of the fire department in the branch office in that city. He was next taken into the home office for experience and then was sent into Ohio.

### Berry with Respass Office

M. B. Berry, formerly Kentucky state agent of the Fidelity-Phenix, has gone with the W. B. Respass general agency, Lexington, Ky., in charge of the western Kentucky and western Tennessee field, with headquarters at Paducah, Ky. Since leaving the Fidelity-Phenix Mr. Berry was in California for a time. Some years ago he was in the office of the old Ohio Valley Fire & Marine of Paducah.

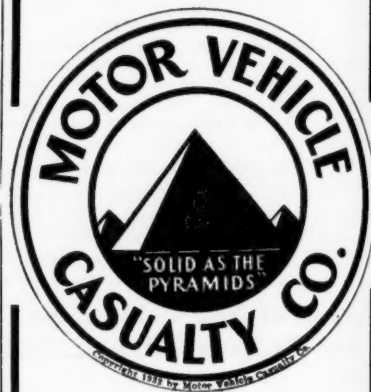
### McCarthy With National Union

G. M. McCarthy has been appointed special agent for the National Union Fire with headquarters at 89 Broad street, Boston. Mr. McCarthy succeeds State Agent Jones, deceased, and will assist Frank E. Dunham, general agent, in supervising the New England territory. He traveled the same territory for the Scottish Union & National and the Northern of New York. His earlier training was obtained in local agencies in Boston.

The Indiana State Fire Prevention Association will conduct an educational and inspection campaign in Vincennes, Nov. 9. R. E. Vernor, Western Actuarial Bureau, will address a joint meeting of the Rotary and Kiwanis Clubs.

## Sound Automobile Insurance

Inquiries from responsible  
agents and brokers welcome.



HOME OFFICE  
223 W. Jackson Blvd., Chicago,  
Illinois  
A STOCK AUTOMOBILE  
COMPANY

Under same management for the past  
18 years. Organized in 1914 as Motor  
Vehicle Underwriters. Organized as  
Motor Vehicle Casualty Company in  
1930

## AS SEEN FROM CHICAGO

### BROKERS ASSOCIATION NOMINEES

The nominating committee of the Insurance Brokers Association of Illinois headed by J. J. Garrity as chairman has submitted names of eight brokers to be considered for election as directors at the annual meeting to be held in the Chicago Board auditorium the afternoon of Oct. 27. The eight, to fill three-year terms, are D. A. Vallantine, C. A. Berger, Angus Chassells, A. J. Gallagher, J. R. Johnson, F. P. Lavin, J. C. Shepherd, and J. P. Wahlman. Peter Angsten, chairman Illinois industrial commission, is scheduled to talk on workmen's compensation.

\* \* \*

### UNUSUAL RECORD FOR DALMAR & CO.

An unusual record has been achieved by H. Dalmar & Co., class 1 agency in Chicago, which this month has been celebrating its 40th anniversary. The agency has a wide reputation for writing a large volume of choice business, underwriting carefully all business and not accepting a risk merely for commission results. It has a popular reputation among brokers and financial interests. Many of their clients have been retained over their entire business career. The agency has no office solicitors and does not compete with brokers.

The other evening, Hugo Dalmar, head of the agency, was invited to dinner by Joseph L. Leffson, vice-president of the Merchants of New York, for which the agency is Cook county manager, only to find it was a surprise party planned by the office staff in celebration of the anniversary. Otto Nottelmann, on behalf of the employees of the office, a number of whom have been associated with the agency a great many years, including Ira Isaacson, assistant manager with a service record of

26 years, presented Mrs. Dalmar with 40 roses and Mrs. Dalmar with a beautifully inscribed silver plaque commemorating this anniversary. Edward C. Zuttermeister, manager Cook county department, made an eulogistic address and Mr. Dalmar responded. Dancing followed. The entire affair was given by the employees of the agency and a splendid friendly spirit prevailed further emphasizing the very high esprit de corps in the agency and the high esteem in which Mr. Dalmar is regarded by his entire organization.

At 18 Mr. Dalmar was a special agent in Cook County for the Dwelling House Insurance Company of Boston and two years later assisted in the organization of the agency of Napier & Dalmar and became a member of the Chicago Board at that time. The agency was dissolved 7 years later and Mr. Dalmar organized H. Dalmar & Co. of which he is president and Richard Dalmar, a brother, vice-president and Ernest H. Hedges, treasurer. William H. Pate is manager of the casualty department. The agency has represented the Orient 31 years and is a member of the New York Insurance Exchange and has a New York office at 123 William street.

\* \* \*

### EXAMINERS HEAR OF A. D. T.

Some of the features of the operations of the American District Telegraph Company were explained by R. E. Maginnis, Chicago manager, in a talk before the Chicago Fire Insurance Examiners Club. The most outstanding recent installation is at "The Century of Progress," he said, which makes use of the aero automatic fire alarm system and watchman's compulsory tour system in the main buildings. Exterior fire alarm boxes are used throughout the grounds and burglar alarm protection

is rendered in such valuable exhibits as the diamond display.

The A. D. T., he said, renders service to more than 200 communities, serving more than 25,000 subscribers and protecting physical property exceeding values of 21 billions of dollars. Over 3,000 employees are necessary.

\* \* \*

### ROBERTSON NAMED DIRECTOR

W. P. Robertson, assistant western manager of the North America, has been elected a director of the Illinois chamber of commerce. S. E. Moisant is a director of that organization and has a year to serve. He represents down-state insurance interests while Mr. Robertson represents Chicago and northern Illinois.

\* \* \*

### ALL COMMITTEES REAPPOINTED

Present members of all committees of the Western Underwriters Association have been reappointed by President W. D. Williams. The only change is that George H. Bell, National of Hartford, succeeds the late Charles E. Dox, who was manager of the London & Lancashire, on the fire protection engineering committee.

W. Ross McCain, who recently was elected president of the Aetna Fire, has been elected to membership in the W. U. A., succeeding Ralph B. Ives, chairman of the board of the Aetna.

\* \* \*

### KUHNS ASSOCIATED WITH NAPIER

A. D. Kuhns, head of A. D. Kuhns & Co., one of the pioneer general agencies in Chicago, started in 1890 as A. G. Kuhns & Co. by his father, after Nov. 1 will be associated with R. A. Napier & Co., Chicago general agency. Mr. Kuhns' brother, S. W. Kuhns, vice-president and treasurer of A. D. Kuhns & Co., who has been with him 10 years, goes along in the change. Napier & Co. and Kuhns & Co. both have represented the Phoenix Indemnity as general agents. This representation will be continued. A. D. Kuhns, who went

into the agency with his father in 1913 as associate general agent, changed the title of the agency in 1919 when he took charge. Napier & Co. has been in business over 40 years.

\* \* \*

### MORE REGISTRATIONS WANTED

The insurance classes in Chicago covering courses of the Insurance Institute of America are now under way. The committee in charge desires to have at least 10 more students registered for part 3 of the course, relating to policy contracts, adjustments and rating. This class meets at 6:30 p. m. each Wednesday. The advantage to agency, brokerage and company offices of having employees enroll in this course is pointed out by the committee. Registrations may be made at the Insurance library.

A class on casualty insurance is to be started providing registration of 20 students is obtained.

\* \* \*

### DISCOUNT LOSS PAYMENTS

Owing to the 60-day loss payment clause being more religiously observed by fire companies, some policyholders are securing loans through assignment of their claim rights. Financing concerns have opened insurance claim divisions to discount losses or make loans. In other cases where reputable adjusters for the assureds have practically guaranteed the account contractors and others interested have agreed to not press for payment until the insurance companies pay. Some public adjusters expressed the view that the fewer losses are largely due to the less number of people in business. The insurance companies however cling to the theory that the deferred payment of claims as allowed under the contract has served to cut down materially moral hazard losses.

\* \* \*

George Z. Day, assistant manager of the Tokio and Standard Fire of New York, has been in Chicago this week after a trip through Texas and other southern cities.

REINSURANCE—a *specialized* branch of the insurance business.

THE INTER-OCEAN—a company *specializing* in reinsurance of fire and allied lines.

INTER-OCEAN REINSURANCE COMPANY

HOME OFFICE  
Cedar Rapids, Iowa



EASTERN FACULTATIVE DEPARTMENT  
123 William Street, New York



## THE NATIONAL UNDERWRITER

Published every Thursday

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### Excellent Executive Committee

THE NATIONAL ASSOCIATION OF INSURANCE AGENTS has appointed a very excellent executive committee and its personnel promises constructive effort in behalf of the membership and the agency ranks of the country. While geographical location in the appointment of such a committee must be considered, it is not all important nor should it be regarded as a primary influence. What the association needs is men of national breadth of vision, who have strong contacts and whose influence is potent. They should have the confidence of the membership and it is necessary to an extent that they possess the esteem of company officials. After all, most companies and agents are working toward the same end and there should be mutual regard for

one another when conferences are held.

At times the geographical urge has been too much to the fore. A man may have accomplished much in his own state or he may be popular personally there because of his human traits. Therefore his state urges him as a fit man for membership on the executive committee. Such a man, it may be found, has very little to contribute to the general good of the business. His horizon is purely parochial. He looks at every question from his own dooryard. He has not the sweep nor the outlook to make him a national figure. These are days when we all must peer beyond our local boundaries and consider broad and fundamental principles. We are dealing with new issues of paramount importance.

### Insurance Companies and Claims

INSURANCE COMMISSIONER DUNHAM of Connecticut in a radio address the other day took occasion to give the public some wholesome observations on payment of claims. He said there has been an increasing chorus of complaints that insurance companies are trying to avoid payment of just claims because they are hard pressed and hence they are endeavoring to welsh. Commissioner DUNHAM declared that this suspicious attitude is not justified as far as reputable companies are concerned. It is true, he acknowledged, that in these times companies are giving particular attention to claims and are not acknowledging liability when they are illegitimate or not in conformity with the contract.

During recent years undoubtedly insurance companies have been the victim of racketeers that are endeavoring to secure money illegitimately through various and diverse ways. All lines of insurance have been confronted with this sort of claimants. If insurance companies therefore submitted to all these claims and paid out their money whether they were liable or not, their reputable, thinking policyholders would soon lose confidence in them. Honest policyholders certainly deserve better protection.

Commissioner DUNHAM said that few instances are found of wilful refusal by

a reliable insurance company to settle a just claim. Most of the appeals to the department, he declared, arise from a misunderstanding.

In connection with the attitude of the public, attention is called to the fact that the policyholders have it within their own power to a large extent to regulate rates. When claim ratios are down for a sufficient length of time, then rates naturally yield. When losses are greater naturally the rates go up.

Commissioner DUNHAM uses for example fire insurance to illustrate this very point. In 1902, the average rate of fire insurance was \$1.15 per \$100. Last year the rate was slightly over 70 cents. This reduction, he asserts, was made possible because the public cooperated in making property safer from fire. He said the same thing will happen to casualty rates when factories, highways and other places where accidents occur are made safer. Commissioner DUNHAM makes this important observation:

"The most important thing in insurance is not the rate, high or low, but what stands back of the insurance policy, whether or not the company is reliable. Persons seeking bargains in insurance are doomed to disappointment and probable loss. They should choose

## PERSONAL SIDE OF BUSINESS

The marriage of **Alfred Snow, Jr.**, Ohio state agent for the Camden Fire, and Miss Marjorie E. Van Bolt of Columbus was solemnized in St. John's Episcopal church in Worthington, O. Mr. and Mrs. Snow left for New York and then sailed for Bermuda. The bride is a graduate of Ohio State University and the groom of the University of Pennsylvania. F. A. Dickerson of Cleveland, state agent of the National Liberty, was Mr. Snow's best man.

A number of friends and associates of the late **O. B. Ryon** of Streator, Ill., former general counsel of the National Board, attended the funeral at his home last Thursday. Associate General Counsel C. J. Doyle of the National Board at Springfield, Ill., Assistant General Counsel E. M. Griggs, Clarence Goldsmith, E. L. Donovan, G. P. McNally, Miss Elsie Benham of the National Board's office in Chicago, Director of Insurance Ernest Palmer, Attorney Thomas Watters of Des Moines, R. D. Hobbs, Western Actuarial Bureau, Fred Ticknor, special agent of the Springfield F. & M. at Peoria, former U. S. Senator F. L. Smith, R. T. Smith of Chicago, vice-president Alfred M. Best Company, and Miss Olive Heilman, Chicago Board, were among those in attendance.

**Fred H. Pocock**, well known local agent of Fort Wayne, Ind., has been elected grand treasurer of Royal and Select Master Masons of Indiana. A short time before he was elected grand master of the First Veil of the General Grand Chapter of Royal Order of Arch Masons of America at Washington, D. C.

**E. H. Woodward**, New Jersey special agent for the Republic of Dallas, suffered a broken arm and lacerations about the face, in a collision with a truck in Kearny, N. J.

Among those invited by **President Roosevelt** to attend a conference at Washington last week, having for its purpose the creation of an organization for the protection of American holders of foreign securities, were Hendon Chubb, president of the Federal Insurance Co. of New Jersey, and Herman Ekern, Chicago attorney, former insurance commissioner of Wisconsin and later attorney general of that state.

**Roy L. Nicholson**, Milwaukee, Wisconsin state agent Michigan Fire & Marine and prominent in the Blue Goose, produced and directed a comedy entitled "Facing the Music," given by the La Fayette Masonic lodge players, and also played one of the star roles.

**Harry B. Coffee**, well-known local agent at Chadron, Neb., has filed as a Democratic candidate for congress from the Fifth Nebraska district.

**W. J. Wieland**, who is associated with Henry P. Magill, Insurance Exchange, Chicago, and former secretary of the Mutual Insurance Corporation, which was consolidated with the National Mutual Church of Chicago, lost his wife when in a heavy cloudburst in Chicago she walked in front of an "L" train and was killed. Mr. Wieland was just re-

their insurance thoughtfully. A company to remain stable and strong must charge adequate rates. Insurance policies of all kinds can be bought at low rates, but you may be sure the policies are low grade, limited in the protection they afford. When a person buys insurance, he buys, so to speak, peace of mind; there can be no peace of mind with cheap insurance."

covering from injuries sustained when as a player in an amateur baseball game he ran into a grandstand in trying to retrieve a ball.

**C. R. Thompson**, former general adjuster of the Fireman's Fund, and since 1924 an independent adjuster, suffered a fatal heart attack at his home in Mill Valley, Cal. Thirty years ago he was a special agent and adjuster for the Fireman's Fund, occupying that position until 1914 when he became general adjuster.

**J. L. Wright**, 47, secretary-treasurer Davenport Insurance Corporation, Richmond, Va., died suddenly in his office. His death was ascribed to an acute attack of indigestion. He had been associated with the firm since early manhood.

**W. R. Walker** and **R. W. Howe**, who have been with the one agency for seven years, have been elected secretaries, while **G. W. Warren**, vice-president, becomes treasurer as well.

**W. Owen Wilson** of Richmond, recently elected a member of the executive committee of the National Association of Insurance Agents, has resigned from the executive committee of the Virginia association and as chairman of its reorganization committee. He felt that membership on the executive committee of the National association would not leave him time to devote to the state association, of which he was president for two years. He is president of the Davenport Insurance Corporation of Richmond.

**K. S. Dargan** of Cravens, Dargan & Co., who has been spending some time in the San Francisco offices with side trips to Del Monte, plans to return to Houston soon.

**Walter E. Pearson** of Bates, Lively & Pearson agency, Portland, Ore., suffered severe bruises and vertebral injuries when his automobile turned over in southern Oregon. He will be confined to a hospital for the next few weeks.

Miss **Martha Leake**, daughter of **Wirt Leake**, Texas state agent for the North British group and past most loyal grand gander of the Blue Goose, was married to **Eugene M. Rollins** at her home in Dallas Oct. 21.

**George D. Riley**, Mississippi insurance commissioner, was chosen a member of the executive board of the Masonic Relief Association at the biennial convention in Cincinnati. Commissioner Riley was one of the speakers at the convention.

**J. R. Wright**, a partner in the H. J. Drane & Son agency, Lakeland, Fla., has been chosen Florida governor of Kiwanis International. Mr. Drane, who established the business 48 years ago, and still owns it, is a member of the federal power commission, and spends most of his time in Washington.

**John S. Wells**, Oklahoma City local agent, has been named commissioner of the Boy Scout organization of the state. Mr. Wells has been interested in the Scout movement for several years.

**J. W. Blanton**, well-known Dallas, Tex., local agent, has presented to Kirby Museum at Southern Methodist University a miniature of the world renowned Taj Mahal, which he obtained in Agra, India, the locale of the original. Mr. Blanton is chairman of the advisory board and has been instrumental in the expansion of S. M. U. being associated with the school since its inception.



# THE HOME INSURANCE COMPANY NEW YORK



1853



## 160th SEMI-ANNUAL STATEMENT

June 30, 1933

### ASSETS

Cash in Banks and Trust Companies.....	\$10,327,314.48
United States Government, State, County and Municipal Bonds .....	14,873,788.30*
Other Bonds and Stocks.....	57,744,749.52*
Premiums in course of Collection.....	9,616,982.06
Accrued Interest .....	455,374.00
Other Admitted Assets .....	1,298,186.00
	<u>\$94,316,394.36</u>

### LIABILITIES

Cash Capital .....	\$12,000,000.00
Reserve for Unearned Premiums.....	36,907,377.00
Reserve for Losses.....	6,536,194.00
Reserve for Unpaid Reinsurance.....	879,157.41
Reserve for Taxes and Accounts.....	625,000.00
Reserve for Contingencies .....	9,860,515.00*
NET SURPLUS .....	27,508,150.95
	<u>\$94,316,394.36</u>

Surplus as regards policyholders \$39,508,150.95

\* Reflecting Actual Market Quotations of June 30, 1933.

59 MAIDEN LANE  
NEW YORK, N. Y.

Strength

« »

Reputation

« »

Service

# FIRE INSURANCE NEWS BY STATES

## MIDDLE WESTERN STATES

### C. H. Sunderland Is Honored

Well Known Superior, Wis., Agent Given Testimonial Dinner on His Retirement From Business

The Home of New York and Royal tendered C. H. Sunderland, Superior, Wis., agent, a testimonial last week in honor of his 50th anniversary as representative of these two companies. A dinner was given at which prominent agents and business associates as well as the field men in the agency attended. W. J. Hatcher, state agent of the Fidelity & Guaranty Fire, acted as toastmaster. Talks were made by S. Clemens of Loney & Clemens, representing the Superior agents; H. B. Evans, Mr. Sunderland's partner, who has been associated with him 43 years, and others.

#### Anderson Presents Medal

The Home medal was presented by State Agent C. H. Anderson. It is interesting in this connection to know that Mr. Anderson started his insurance career with the Sunderland & Ostrander agency in Superior 33 years ago. Cecil Davis presented Mr. Sunderland with a wrist watch. The agency was founded in 1882 as Sunderland & Ostrander. On the death of Mr. Ostrander the new firm of Sunderland, Evans & Shipp succeeded. Mr. Shipp retired and the name was changed to Sunderland, Agen & Evans. Mr. Sunderland, who is now retiring from business, has turned his interests over to Samuel Oakey, former manager of the rating bureau at Superior. The new firm will operate as Evans & Oakey.

### Two Measures in Kansas

TOPEKA, KAN., Oct. 25.—Only two insurance measures will be presented by Commissioner C. F. Hobbs to the special session of the Kansas legislature which meets Oct. 30. No effort will be made to seek the repeal of the new merger law enacted by the 1933 legislature and believed by the department to be unworkable.

The measures limiting the amount of investments which any company operating in Kansas may make in a single proposition except in government and Kansas municipal bonds will again be presented. The other bill will limit the time which companies may commit themselves as to investments. Mr. Hobbs believes that companies should not be permitted to tie up their funds in advance for periods of longer than 30 to 60 days.

Several insurance bills are to be introduced by Holmes Meade, chairman of the Kansas Association of Insurance Agents legislative committee.

### Omaha Resents Criticisms

OMAHA, Oct. 25.—Fire Commissioner Hopkins resents the charge made by representatives of fire companies that the department is 20 years behind the times, and insists that it lacks little in equipment. The council has accepted a proposal of firemen that they work for the remainder of the year without pay after the appropriation is exhausted next month, but they reserve the right to claim payment next year. The department is now being operated with 250 men, 50 less than normal. Commissioner Hopkins said that he did not wish to be a party to any action that will keep the city from giving proper fire protection, and accepted the men's proposal.

### American to Be the Host

Western Department Officials to Serve Luncheon to Illinois Association of Insurance Agents

The western department of the American of Newark at Rockford with Manager Robe Bird and Assistant Managers H. B. Elmers and Fred D. Hess as hosts will give a buffet luncheon to those in attendance at the annual meeting of the Illinois Association of Insurance Agents at the Hotel Nelson in their city, Nov. 7. There will be a stag party on the evening of Nov. 6 at the country club. It is expected that Allan I. Wolff of Chicago, new president of the National Association of Insurance Agents, will represent that body and be the chief speaker. Alvin S. Keys of Springfield, prominent local agent and former official liquidator of the Illinois insurance department, is the ranking vice-president and undoubtedly will be elected president at this meeting, as President Rockwood Hosmer is completing his second term. Mr. Hosmer is now arranging for the program.

### Merit Rating Plan Modified

MADISON, WIS., Oct. 25.—A modification of the first draft of the plan for farm risk merit rating has been presented to Commissioner H. J. Mortensen by the Farm Association. The commissioner now has the revised plan under consideration, and will announce his decision later. Should his approval be given to the plan Wisconsin will have the first application of merit rating to farm risks.

### Evansville Agencies Merged

The Evansville, Ind., offices of the Ralph-McReynolds agency, the Dreier Realty & Insurance Co., and the insurance department of the American Trust & Savings Bank have been consolidated under the name of McReynolds & Dreier. The American Trust agency was founded by M. S. Sonntag in 1893 and in 1904 was sold to the American Trust & Savings Bank. Ralph McReynolds has been associated with the agency since 1903. The Dreier agency was

formed by H. E. Dreier and in recent years has been operated by W. H. Dreier, his son.

### Lansing Association Acts

LANSING, MICH., Oct. 25.—The Lansing Association of Insurance Agents passed a resolution thanking C. F. Sweet, Grand Rapids, district manager Home Owners Loan Corporation, for the ruling that all insurance on properties on which the corporation extends loans be rewritten with local agents. The association also endorsed the request of the National association executive committee to file an NRA code.

### Ohio Mutual Agents Organize

The Ohio Association of Mutual Insurance Agents has been incorporated by Russell Davis, Columbus; W. A. Guild, Dayton, and C. G. Henry, Delaware. It is the first association to be formed in compliance with a suggestion that state associations be organized, made at the meeting of the National Association of Mutual Insurance Agents in Columbus in September.

### Study "Pittsburgh Plan"

ST. PAUL, Oct. 25.—Members of the Insurance Exchange of St. Paul are studying the so-called "Pittsburgh plan" of premium collections. They have been furnished with data on this system and those who have studied it are inclined to think it would improve collections in this city.

## MIDDLE WEST NOTES

F. C. Knaess, Jr., 45, St. Clair Shores, Mich., agent died.

Grant Stafford, Winfield, Kan., agent, died suddenly at the age of 73.

W. J. Predmore has taken over the W. C. Hamilton agency, Three Rivers, Mich.

The Carroll County Insurance Agency, Carrollton, Mo., has been incorporated by J. W. Hollister, Ted Bryant, J. F. Stevenson, Lee Dickson and W. W. Maupin.

The annual Halloween party of the St. Louis court of Cats Meow will be held at Carllindale, St. Louis county, the afternoon and evening of Oct. 28.

A. J. Mitchell, local agent at Richland Center, Wis., was drowned while fishing in French Lake near La Crosse, Wis., where he was visiting relatives.

The Spitzer Insurance Agency of Medina, O., has been incorporated at Columbus by Elbert B. Spitzer, A. T. Spitzer and J. M. Jarboe.

## IN THE SOUTHERN STATES

### Failure to Notify Assured

Florida Supreme Court Decides a Case of Cancellation of a Policy of Fire Insurance

The Florida supreme court in Handley, administratrix, vs. Home of New York, et al., takes up a cancellation case. It was a suit in trover for the wrongful conversion of a policy. Vickers, agent of the Home, wrote a policy for Jones, insuring a cafe building. The policy was reported to the company but was never actually delivered to the assured but to the Bank of Greenville as security to protect a loan. Six weeks later Vickers, the agent, who was also an employee of the bank, without notifying Jones, withdrew the policy and on direction of the Home mailed it to the "stamping office" to be forwarded to the Home. Vickers received the full amount of the premium from Jones but

when, at the direction of the company, he canceled the policy, neither Vickers nor the company notified Jones of the cancellation, nor returned any part of the unearned premium. The property was destroyed by fire.

The court held that it appears to be settled, though there are few cases on the subject, that an action in trover may be maintained for the conversion of a policy. There was sufficient evidence to warrant the case going to the jury for the purpose of having it determine the fact whether the company and agent were jointly guilty of an unlawful conversion or whether either of them was guilty of an unlawful conversion, said the court. The evidence was sufficient, if uncontradicted, to constitute a basis for judgment against the company because of its active participation with Vickers in the wrongful conversion of the policy. This is true, the court held, although a suit could have been successfully maintained on the policy, regardless of its attempted cancellation and withdrawal.

The court finds there was a binding contract of insurance which remained at the time of the loss. Judgment for the company was therefore reversed.

### Waterworks as Rate Factor

H. J. Clark of Oklahoma Inspection Bureau Urges Cooperation in Address to Southwest Group

OKLAHOMA CITY, Oct. 25.—Waterworks as a consideration in the matter of fire insurance rates was discussed in a paper by H. J. Clark, chief engineer Oklahoma Inspection Bureau, at the convention here of the Southwestern Waterworks Association, covering Texas, Louisiana, Missouri, Kansas, Arkansas and Oklahoma.

Adoption of a grading schedule for measuring the efficiency of fire protection facilities, now uniform among most of the states, has resulted in much good, Mr. Clark pointed out, and has met the uniform approval of fire protection engineers wherever used.

"Closer cooperation between water officials and underwriting organizations will benefit both," Mr. Clark said. "The object of underwriters is the same as that of city officials, to produce the best possible domestic and fire service and thereby keep rates at a minimum. Fire insurance in cities is dependent on water supply and no other extinguishing agent can ever take its place."

### Two New Texas Boards

New local boards have been organized at Pampa, and Clarendon, Tex. The Pampa Insurance Exchange is headed by M. P. Downs as president and F. C. Oden, secretary. The Clarendon Exchange has J. T. Patman as president and C. C. Powell, secretary. Earl O'Keefe, district No. 7 vice-president of the Texas Association of Insurance Agents, organized the boards in connection with the state membership drive.

### Texas to Revise Dwelling Scale

DALLAS, Oct. 25.—Work of revising the dwelling schedule in Texas will be started at a hearing to be called by the Texas insurance board soon. A committee has been named to prepare changes in this schedule and these changes will be discussed by the agents before the public hearing is called. Commissioner Mauk conferred on the subject with the directors of the Texas Association of Insurance Agents at their meeting in Austin.

### Educational Director for Agency

DALLAS, Oct. 25.—Madison D. Adams has been named educational director for the Blanton & Thomas agency. President Blanton of the agency said the appointment of an educational director will give it closer cooperation with clients, provide better means of discussing and eliminating fire and accident hazards and develop a more highly efficient agency force. The Blanton agency is the first in Texas to name an educational director.

### Examination Work Crippled

AUSTIN, TEX., Oct. 25.—The restriction imposed by the last session of the legislature, limiting the expenses of the examiners of the Texas department to \$3.60 per day, is seriously hampering the department's examination work, according to R. L. Daniel, chairman of the state insurance board, who says that the examiners can hardly get by on less than \$7 per day, on trips to the east, where most of the large companies are domiciled. The companies are required to pay the expense of these ex-

(CONTINUED ON PAGE 30)



# LOYALTY GROUP

NEAL BASSETT, President  
 JOHN R. COONEY, Vice Pres. ARCHIBALD KEMP, Vice Pres. HERBERT A. CLARK, Vice Pres. H. R. M. SMITH, Vice Pres.  
 W. E. WOLLAEGER, Vice Pres. HERMAN AMBOS, Vice Pres. E. G. POTTER, 2d V. Pres. W. W. POTTER, 2d Vice Pres.  
 WALTER J. SCHMIDT, 2d V. Pres. T. LEE TRIMBLE, 2d V. Pres. OLIN BROOKS, 2d V. Pres.

## FIREMEN'S INSURANCE COMPANY OF NEWARK, NEW JERSEY

CAPITAL

\$ 9,397,690.00

Organized 1855

NEAL BASSETT, Chairman of Board  
 HENRY M. GRATZ, President

JOHN R. COONEY, Vice Pres. ARCHIBALD KEMP, Vice Pres. HERBERT A. CLARK, Vice Pres. H. R. M. SMITH, Vice Pres.  
 W. E. WOLLAEGER, Vice Pres. HERMAN AMBOS, Vice Pres. E. G. POTTER, 2d V. Pres. W. W. POTTER, 2d V. Pres.  
 WALTER J. SCHMIDT, 2d V. Pres. T. LEE TRIMBLE, 2d V. Pres. OLIN BROOKS, 2d V. Pres.

## THE GIRARD FIRE AND MARINE INSURANCE COMPANY

\$ 1,000,000.00

Organized 1853

NEAL BASSETT, President

JOHN R. COONEY, Vice Pres. ARCHIBALD KEMP, Vice Pres. HERBERT A. CLARK, Vice Pres. H. R. M. SMITH, Vice Pres.  
 W. E. WOLLAEGER, Vice Pres. HERMAN AMBOS, Vice Pres. E. G. POTTER, 2d V. Pres. W. W. POTTER, 2d V. Pres.  
 WALTER J. SCHMIDT, 2d V. Pres. T. LEE TRIMBLE, 2d V. Pres. OLIN BROOKS, 2d V. Pres.

## THE MECHANICS INSURANCE COMPANY OF PHILADELPHIA

\$ 600,000.00

Organized 1854

NEAL BASSETT, President

JOHN R. COONEY, Vice Pres. ARCHIBALD KEMP, Vice Pres. HERBERT A. CLARK, Vice Pres. H. R. M. SMITH, Vice Pres.  
 W. E. WOLLAEGER, Vice Pres. HERMAN AMBOS, Vice Pres. E. G. POTTER, 2d V. Pres. W. W. POTTER, 2d V. Pres.  
 WALTER J. SCHMIDT, 2d V. Pres. T. LEE TRIMBLE, 2d V. Pres. OLIN BROOKS, 2d V. Pres.

## NATIONAL-BEN FRANKLIN FIRE INSURANCE CO. OF PITTSBURGH, PA.

\$ 1,000,000.00

Organized 1866

NEAL BASSETT, President

JOHN R. COONEY, Vice Pres. ARCHIBALD KEMP, Vice Pres. HERBERT A. CLARK, Vice Pres. H. R. M. SMITH, Vice Pres.  
 W. E. WOLLAEGER, Vice Pres. HERMAN AMBOS, Vice Pres. E. G. POTTER, 2d V. Pres. W. W. POTTER, 2d V. Pres.  
 WALTER J. SCHMIDT, 2d V. Pres. T. LEE TRIMBLE, 2d V. Pres. OLIN BROOKS, 2d V. Pres.

## SUPERIOR FIRE INSURANCE COMPANY

\$ 1,000,000.00

Organized 1871

NEAL BASSETT, Chairman of Board

W. E. WOLLAEGER, President JOHN R. COONEY, Vice Pres. ARCHIBALD KEMP, Vice Pres. HERBERT A. CLARK, Vice Pres.  
 H. R. M. SMITH, Vice Pres. HERMAN AMBOS, Vice Pres. E. G. POTTER, 2d V. Pres. W. W. POTTER, 2d V. Pres.  
 WALTER J. SCHMIDT, 2d V. Pres. T. LEE TRIMBLE, 2d V. Pres. OLIN BROOKS, 2d V. Pres.

## THE CONCORDIA FIRE INSURANCE COMPANY OF MILWAUKEE

\$ 1,000,000.00

Organized 1870

CHARLES L. JACKMAN, President

NEAL BASSETT, Vice President

JOHN R. COONEY, Vice Pres. ARCHIBALD KEMP, Vice Pres. HERBERT A. CLARK, Vice Pres. H. R. M. SMITH, Vice Pres.  
 W. E. WOLLAEGER, Vice Pres. HERMAN AMBOS, Vice Pres. E. G. POTTER, 2d V. Pres. W. W. POTTER, 2d V. Pres.  
 WALTER J. SCHMIDT, 2d V. Pres. T. LEE TRIMBLE, 2d V. Pres. OLIN BROOKS, 2d V. Pres.

## THE CAPITAL FIRE INSURANCE COMPANY

\$ 300,000.00

Organized 1886

CHARLES L. JACKMAN, President

NEAL BASSETT, Vice President

## UNDERWRITERS FIRE INSURANCE CO. OF CONCORD, N. H.

\$ 100,000.00

Organized 1905

NEAL BASSETT, President

JOHN R. COONEY, Vice Pres. ARCHIBALD KEMP, Vice Pres. HERBERT A. CLARK, Vice Pres. H. R. M. SMITH, Vice Pres.  
 W. E. WOLLAEGER, Vice Pres. HERMAN AMBOS, Vice Pres. E. G. POTTER, 2d V. Pres. W. W. POTTER, 2d V. Pres.  
 WALTER J. SCHMIDT, 2d V. Pres. T. LEE TRIMBLE, 2d V. Pres. OLIN BROOKS, 2d V. Pres.

## MILWAUKEE MECHANICS' INSURANCE COMPANY

\$ 2,000,000.00

Organized 1852

NEAL BASSETT, Chairman of Board

H. S. LANDERS, President J. C. HEYER, Vice President WINANT VAN WINKLE, Vice President JOHN R. COONEY, Vice President  
 E. G. POTTER, 2d Vice Pres. E. R. HUNT, 3d Vice Pres. S. K. McCLURE, 3d Vice Pres. T. A. SMITH, Jr., 3d Vice Pres. F. J. ROAN, 3d Vice Pres.

## THE METROPOLITAN CASUALTY INSURANCE COMPANY

\$ 1,000,000.00

OF NEW YORK

Organized 1874

NEAL BASSETT, Chairman of Board

H. S. LANDERS, President WINANT VAN WINKLE, Vice President J. C. HEYER, Vice President JOHN R. COONEY, Vice President  
 E. G. POTTER, 2d Vice Pres. T. A. SMITH, 3d Vice Pres. FRANK J. ROAN, 3d Vice Pres. E. R. HUNT, 3d Vice Pres. S. K. McCLURE, 3d Vice Pres.

## COMMERCIAL CASUALTY INSURANCE COMPANY

\$ 1,000,000.00

Organized 1909

### WESTERN DEPARTMENT

844 Rush Street, Chicago, Illinois

HERBERT A. CLARK, Vice President

H. R. M. SMITH, Vice President

JAMES SMITH, Secretary

### CANADIAN DEPARTMENT

461-467 Bay St., Toronto, Canada

MASSIE &amp; RENWICK, Ltd., Managers

### EASTERN DEPARTMENT

10 Park Place

NEWARK, NEW JERSEY

### PACIFIC DEPARTMENT

220 Bush Street,

San Francisco, California

W. W. &amp; E. G. POTTER, 2nd Vice Presidents

FRED W. SULLIVAN, Secretary

### SOUTH-WESTERN DEPARTMENT

912 Commerce St., Dallas, Texas

OLIN BROOKS, 2d Vice President

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LOYAL TO PRINCIPLE - TO LOYAL AGENTS, LOYAL



# The National Underwriter

THIRTY-SEVENTH YEAR  
No. 43

CHICAGO, NEW YORK, CINCINNATI AND SAN FRANCISCO, THURSDAY, OCTOBER 26, 1933  
Office of Publication, 175 W. Jackson Boulevard, Chicago, Illinois

WISCONSIN AGENTS'  
CONVENTION NUMBER

## Calhoun Wisconsin Agents' New Head

### Unified Front Is Urged by Tucker

Intensive District Organization  
With Full Time State Secretary Recommended

### SOLVE CREDIT PROBLEMS

Considers Disadvantages of Automatic  
Cancellation Outweigh Advantages

A unified front to repel the attacks on insurance was urged by President W. J. Tucker, Beloit, in his annual report to the Wisconsin Association of Insurance Agents. Employment of a full time secretary and the division of the state into seven districts each under the direction of a chairman and secretary were recommended by Mr. Tucker. In his proposal the state executive committee would be composed of the district leaders and an advisory council would be created consisting of representatives from each local board and the past state presidents. By this method complete harmony can be assured as every district will be equally represented in all state association matters.

In considering the question of agency balances, Mr. Tucker said the agents had met the bewildering credit problems and had solved them and that the record of one-fifth of 1 percent delinquencies is outstanding. He said that in many cases the money advanced by local agents on their balances, even although the assureds had not paid, kept many companies solvent.

### Oppose Department Collections

Mr. Tucker discussed the bill which the association fought and defeated in the last legislature which would have given the insurance department the authority for collecting overdue agency balances. He said that temporary benefits to the companies under such an arrangement would be extremely slight and problematical as compared with the transfer of this important managerial function from the companies to the insurance department and the admission of the companies of their inability to govern themselves. He said that the insurance department is not properly equipped to handle additional burdens. Plans are being made for bringing the bill again at the next legislative session.

Mr. Tucker said he believed that disadvantages of an automatic cancellation clause would outweigh the problematical benefits. All companies would not support the movement which would result

(CONTINUED ON PAGE 20)

### Silver Lining Is Seen If Agent Will Study, Work

By JOHN F. STAFFORD  
Western Manager Sun, Chicago

Perhaps there has never been a more crucial time for the local agent than the present.

Perhaps there has never been a time in the history of our business when the whole confounded structure was as near going to the damnation bow-wows than today.

Perhaps it is an absolutely indisputable fact that the local agent (except, shall we say, the individual agent who refuses to be alarmed, is out of step with every other agent in the parade.

Perhaps the metropolitan agent and the metropolitan broker is manipulating affairs and complicating the workings of the machinery.

Perhaps all this presents the idea of the old-time, conscientious agent that the millennium not only seems to have arrived, but has arrived.

Perhaps the entire atmosphere of insurance is so charged with deceit and crookedness and rottenness that the clean-thinking, honest, hard-working, legitimate agent of the old days will soon be a thing of the past.

Perhaps Old Man Depression has perched himself on our shoulders these days and is growing heavier and heavier as the weeks go on.

Perhaps—well, "perhaps" a lot of things—yet I for one am not overly pessimistically inclined. I do not believe all I hear and only about one-half of what I see; and while it may be true—and undoubtedly is—that the present day is a trying day, I am still of the

faith that there is a silver lining even to the darkest of clouds and that if we keep faith in our selves and in our business and in our country; if we study and work and put the best that is in us into our efforts, and if we imbue ourselves with the faith of our forefathers and endeavor to realize, as they did, that this United States of America is just about the greatest country in all the world, and that come what may in the way of depression and hard times, we not only can but will come through, and the old sun will shine once more and the future will more than compensate us for the trials of the present.

### What to Do to Be Saved

But your business and my business and everybody else's business is not going to come back if we all sit around and cry about it and do nothing to endeavor to bring prosperity back. The man who puts his shoulder to the wheel; the man who says "I Will"; the man who determines to make good; the man who keeps himself well informed as to insurance changes, be they rates or forms or methods or classifications of risks; the man who is thoroughly conversant with the business conditions not only of his immediate neighborhood, but of the country at large; the man who studies every angle of the game and who keeps abreast of the ever changing situations, who studies each of his individual assureds, his assured's needs, his whims, his every characteristic; the man

(CONTINUED ON PAGE 22)

### Feature Discussion of Vital Problems

Only Three Set Speeches Presented at Annual Meeting  
Held at Fond du Lac

### REVIEW YEAR'S ACTIVITY

Necessity for Modernization of Agency  
Methods Emphasized by Tom Butler of the Travelers

### NEW OFFICERS ELECTED

President—W. B. Calhoun, Milwaukee.  
Chairman Executive Committee—H. A. Bird, Beaver Dam.  
Vice - Presidents—W. C. Thornton, Fond du Lac; Henry Evans, Superior, and J. R. Schuster, Beloit.  
Secretary-treasurer—Joseph G. Grundle, Milwaukee.

### By R. W. LANDSTROM

FOND DU LAC, WIS., Oct. 25.—The 35th annual meeting of the Wisconsin Association of Insurance Agents was featured by a program following the precedent set by the National association. With only three speakers scheduled, the meeting was given over to practical discussions on the NRA code, cigarette losses, new Wisconsin standard policy, membership campaigns and the formation of local boards. The meeting got under way with an address of welcome by Louis Peeke of Fond du Lac, to which Alfred R. Davies of Kenosha responded.

Joseph Grundle, secretary-treasurer, reported the association to be in excellent condition with a balance on hand of \$2,200 and an increase in membership of 8. Over 70 percent of the eligible agents of the state are members of the association.

### Report Made on Legislation

L. C. Hilgemann of Leedom, O'Connor & Noyes of Milwaukee presented the report of the legislative committee. He complimented Walter W. Belson, secretary of the Insurance Wederation, for his untiring work at the capitol in ferreting out unwise legislation. Mr. Hilgemann stated that 47 bills affecting insurance were introduced at the last session of the assembly and that 166 such measures were introduced in the senate. One bill changing the Wisconsin standard policy was successfully stopped after many preliminary committee hearings. However, it was brought up later in the session in the bill which recodified the insurance laws. In the past a number of changes have been

(CONTINUED ON PAGE 20)



W. B. CALHOUN, Milwaukee  
New President Wisconsin Association



W. J. TUCKER, Beloit  
Retiring President

## Fidelity Is Good Depression Line

Expert Says It Can Be Sold to  
Employers in Good Times  
and Bad

### DIFFICULTIES NOT REAL

Agents' Fear of Complexities in Rating  
or Coverage are Not Well  
Founded

By H. W. PRIPPS, Milwaukee  
Assistant Manager, Fidelity & Deposit

I have been asked to speak to you this afternoon on the subject of fidelity and surety bonds. It is a temptation to try to cover all the various branches of the fidelity and surety business. However, I will confine my remarks to that branch of the business which presents the greatest opportunity for service to our clients and premiums to ourselves, both in good times and bad. I refer to fidelity bonds.

There is no question about the necessity of this form of coverage. It is estimated that the embezzlement losses in the United States total over \$200,000,000 annually. Only a small portion of this loss is paid by the surety companies, the larger portion being absorbed by employers and others. Why should this be the case? One reason is that the fidelity and surety business still is a young business. When it is as old as the fire insurance business, employers will purchase fidelity coverage just as freely as they do fire insurance now.

#### Loss Always on Trusted Employee

Another obstacle in the development of fidelity business is the oft-heard statement of the employer, which goes something like this: "Why should I bond an old employee like him? He has been handling our money for the past 20 years and has proved his honesty." The answer to this argument is very simple. "Only a trusted employee can steal his employers money." He enjoys the confidence of his employer, signs checks without counter-signature, has sole access to the company's safe deposit box in many instances and handles company funds without supervision.

The new or untried employee, on the other hand, has no such liberties, is carefully watched until he has proven himself, and yet our experience shows that he is the one most frequently bonded. The obvious conclusion is this: The old and trusted employ is the one who should be bonded in an adequate amount, just as should the new employee.

#### Fear of Difficulties

Another stumbling block in the development of this very desirable business is the feeling on the part of many agents that the surety business is complicated and hard to handle. I'll grant that some kinds of bonds are very hard to get right now, but this is not true of the average employer's honesty bond. Fidelity bonds of this nature are very simple to handle and the rates are reasonable.

The only security the surety company expects of a salaried employee who is applying for a fidelity bond is that he have a good record. When applying for a fidelity bond an employee is obliged to give an accurate record of his employment for the past ten years. The surety company sends reference letters to the former employers of the applicant and on this reference form the former employer state when the applicant

entered his employ, when he left and why he left.

It is almost impossible for an applicant to conceal a prison record or to hide the name of a former employer who might give him a bad reference. The minute the surety company discovers a gap in the previous employment record of an applicant, a careful investigation results and very often a bad loss is prevented.

The statement is often made that 75 percent of the value of a fidelity bond is the moral effect had when the employee signs the application. In fact, some employers are so sold on this idea that they require their employees to complete and sign applications annually, so that the employees will be reminded that they are under bond, and that if they transgress they will have the bonding company to reckon with.

#### Fidelity Easy to Rate

I said a few minutes ago that fidelity bonds were easy to handle and that the rates were reasonable. I might add that fidelity rates are about the easiest to find in the somewhat complicated surety manual because you will find the ones most frequently referred to on pages 1, 2 and 3. Briefly, most executive positions, such as president, secretary, treasurer or auditor, take the rate of 50c per \$100. Inside employees, such as bookkeepers, office clerks and cashiers, take the 35 cent rate. Outside employees, which are considered more hazardous because they are away from the close supervision of the executive officers, take the \$1 rate. The minimum premium for any of these bonds is \$10.

#### Entitled to Schedule Rates

Where the employer has only one or two employees whom he desires to bond then it is most practical to write individual bonds. However, where there are six or more officers and employees to be bonded and the aggregate volume of suretyship is \$30,000 or more, then it is more practical to issue a schedule bond, so called because there is a schedule attached to the bond listing the names of the persons covered and the amount of indemnity for each. One of the chief advantages of the schedule bond from the employer's point of view is that he gets a lower rate on some of the higher classifications. For instance, outside employees which would take the \$1 rate under an individual bond can be covered at a rate of 55 cents per \$100 under a schedule bond of \$30,000. Larger schedules take lesser rates as for instance when the volume reaches \$100,000 a 33 cent rate per \$100 is applicable.

#### Notice of Change Not Needed

Employees may be added to, or deducted from a schedule bond at any time during the premium year, on a pro rate basis, subject to a small earned premium.

A more flexible form of bond than the name schedule bond is the position schedule bond. As the name implies, this form of bond covers certain designated positions and is more adaptable to the needs of a concern which has a

(CONTINUED ON PAGE 42)

### People and Events at Wisconsin Agents' Rally

"Bill" Calhoun, past president of the National Association of Insurance Agents, led the singing of "America" at the opening session.

\* \* \*

An unusually large number of local agents turned out—augmented by a good attendance of field men. Undoubtedly the large attendance was due to the central location of Fond du Lac. Total registrations were 150.

\* \* \*

The attendance cup won by the Wisconsin association at the National association meeting was on exhibition. Wisconsin had a registration of 34 at that meeting.

S

It is *Safety* that all are seeking wherever insurance is purchased.

A

*Safety* against want in old age—*safety* to retire at a given age—*safety* in event of accident or ill health—*safety* in event of death by providing money to pay off loans, mortgages or other obligations—*safety* to protect that which has been saved and accumulated—*safety* to provide for children and other loved ones.

*Safety* so that one can always face the future unafraid.

To provide this safety is the duty and obligation of all insurance companies.

F

To keep each company always in a sound financial condition to meet all emergencies is the duty of the management.

\* \* \*

E

Below is an extract from report made by the Wisconsin Department of Insurance upon completion of regular examination of this Company January, 1933:

T

*"The Company is found in a good financial condition with surplus as regards policyholders of \$1,607,210.38 and contingency reserve of \$225,000, after setting aside legal reserves and other reserves which are more than adequate. Retrenchments in accordance with the present period have been programmed. The management is made up of men of ability whose tenure of office began with the organization of the Company. Its actuarial methods are sound and mortality experience has been favorable. Policyholders receive fair and equitable treatment."*

Y

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Illinois  
Iowa  
Michigan

Minnesota  
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South Dakota  
Texas  
Washington  
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**The OLD LINE LIFE**  
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Milwaukee, Wisconsin



# Chris Schroeder & Son Company

Milwaukee

General and Local Agents

ALL LINES OF INSURANCE

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General Agency, Inc.

MADISON, WIS.

Over 1000 Wisconsin Agents now avail themselves of our service.

There must be a reason.

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A. A. MILLER, V. Pres.

A. L. FISCHER, Secy

Gaedke, Miller Agency

611 N. Broadway, MILWAUKEE  
Daly 2526

General Agents Wisconsin and Northern Michigan

## NECKERMAN-BRECHLER CO.

General Agents for

Wisconsin for six strong Fire Companies

16 N. Carroll St., Madison, Wis.

## The Strength Of Years

During the 38 years of our corporate existence, there have been

Wars  
Epidemics  
Earthquakes  
Panics

—tests to give additional proof of the stability of our service.

The discriminating agent who wants to stay in the business should be convinced that it pays to "hook-up" with a company that has met the acid test for 38 years.

A participating company is the best for both the policyholder and the agent.



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MILWAUKEE

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## INSURANCE SURETY BONDS

General Agents for  
Wisconsin

Agents and Brokers are invited to write their business through this office.

COMPLETE SERVICE

## Reelected



J. G. GRUNDLE

J. G. Grundle of Milwaukee, perennial secretary-treasurer of the Wisconsin association of Insurance Agents, was reelected to that post at the Fond du Lac meeting.

## Unified Front Is Urged by Tucker

(CONTINUED FROM PAGE 18)

in strong competition. Local boards are not strong enough to force penalties on agents who might disregard the rule. A collection system adopted by a local board and rigidly followed would automatically solve the entire problem.

### Increasing Premiums Not Solution

Increasing premiums is not the solution to the automobile loss problem, Mr. Tucker said, as volume has been cut down because of the high rates. He said that if rates were reduced agents could recover many of their accounts lost through the increases and the public could be receiving better financial protection against financial loss and agents and companies would benefit by a substantial increase in premium volume.

Enthusiastic support of the NRA was urged by Mr. Tucker. The uniformity in practices outlined in the code should appeal to insurance men as fair to all concerned.

In connection with the Home Owners' Loan Corporation Washington has announced that the insurance on the homes in question will be written locally. In that connection Mr. Tucker said:

"Your state association has received a complaint on the recently organized McNally Agency at Madison, the complaint stating that this particular agency has been organized primarily for the purpose of writing the Home Owners Loan Corporation insurance direct, in violation of the above announced administration policy. Your executive committee has had the privilege of an interview with Mr. Hohn, the manager of the agency in question. Mr. Hohn states that there is no truth in the complaint; that no such insurance has been written or contemplated; and to further assure this association of the earnestness of his agency in upholding correct insurance practices, Mr. Hohn has voluntarily joined the state association, subscribing without reservation to the principles of the state and National association, with particular regard to the rules covering overhead writing."

In discussing methods of strengthening membership, Mr. Tucker said it can't be done by high pressure campaigns, because they do not produce permanent results. He urged intensive

## Feature Discussion of Vital Problems

(CONTINUED FROM PAGE 18)

made in the statutes affecting the standard policy and under the recodification these changes were incorporated in the standard policy.

### Delinquent Balance Bill Reviewed

Mr. Hilgemann said that his committee was criticized for opposing the delinquent agency balance bill. He explained that the committee was in favor of the bill with one exception, which could have been cleared by an amendment, but the author of the bill was unwilling to change it, so the bill was killed. Later the chairman of the banking and insurance committee was sounded out about an agency qualification law but he advised the committee to postpone the presentation of that bill because of the great number of bills pending.

### New Local Boards Formed

In reporting on the activities of the executive committee, W. B. Calhoun said that new local boards had been formed at Janesville, Neenah and Marinette, and that local boards are in the formative stage at Manitowoc and Menominee. Mr. Calhoun remarked that it was the duty of every local agent to see to it that every eligible local agent in his city be a member of the local board. He said: "Do not stop at urging men in your own city. See to it that all your friends in the business become members."

W. J. Tucker, the president, made a masterful presentation of association and agency problems in his address. He recommended the employment of a full time paid secretary, pointing out the benefits derived by the Louisiana association.

### Butler on "Agency Problems"

A talk that was very well received was given by Tom Butler of the Travelers, who spoke on "Agency Problems." He said: "Insurance is a discouraging business, yet it lends itself to men of fortitude and courage." He outlined the many business changes which have taken place and which have put flourishing concerns into the industrial hospital. He showed how in former years competition existed only among men within a given industry. "Now," he stated, "the insurance man is in competition with the movie, the radio, the automobile, etc." He averred that the business needs men who can think clearly, who have creative minds, who challenge the fact that the saturation point has been reached in their business. To prove it he showed that the United States patent office receives 80,000 new patents each year.

### Must Diversify Business

"This is an age of rapid development," he said. "An insurance agent must diversify his business. A thinking mind is the first essential of a successful local agent." He quoted from a talk given recently by Walter H. Bennett, secretary of the National association, who said: "Opportunities for young men in the insurance business today are most alluring." To show the growth of insurance premiums he pointed out that casualty premiums in 1900 amounted to \$26,750,000; in 1923, \$675,000,000, and in 1932, \$827,000,000. In speaking of life insurance he stated that in 1900 only 15 billion was carried by American citizens and in 1932 over 100 billion was owned by Americans. Fire premiums jumped from \$150,000,000 in stock companies in 1900 to \$502,000,000 in 1932.

He urged a higher order of selling among local agents. "We must place the fire business in the selling class and

organization through local and county boards, the membership drives being conducted by the local groups.



take it out of the peddling class," he stated. Commenting further on this point, he said: "We are far from the saturation point. When we cannot discover a need for more insurance, when we cannot discover a new client—then we have reached a saturation point. Back of every successful local agency is the figure of a man, directing, thinking—he is a salesman. Commerce today is moving forward on salesmanship. The successful local agent today is a standardized product of efficiency. The salesman is replacing the peddler. He is an enthusiast. He convinces and enthralls. He is active and overcomes all obstacles. He has unbending faith in his business in his state and in the National association."

#### Pripps on Fidelity Bonds

Harold W. Pripps, assistant Wisconsin manager of the Fidelity & Deposit, gave a highly informative and educational talk on fidelity bonds, delving into rates and methods of successfully covering the needs of the client. He showed that embezzlement losses cost business over \$200,000,000 last year, with most of the losses carried by the business houses themselves.

In commenting on the NRA code for insurance agents, Fred J. Lewis, Milwaukee, gave a report of what had been done at the National association meeting in Chicago.

H. A. Bird of Beaver Dam spoke about the Dodge County Association, an organization unique in character, in that it embraces the agents of an entire county rather than those of a single city.

In reporting on membership activities

Mr. Grundle made some interesting comment. He showed that it is impossible to high pressure a local agent into the association and make him stick. He also pointed out that the Wisconsin association has never been in arrears with the National association and the Wisconsin body had always been free of debt. He urged every local agent to speak personally to non-member local agents, urging them to join.

#### Paid Secretary Favored

The matter of a paid secretary was constantly brought up and there seems to be a strong possibility that the Wisconsin association will make this move.

C. F. Gerhardt, Neenah, speaking on local boards, showed how a uniform collection plan started the formation of the Neenah local board. The advantage of this plan became immediately apparent to all local agents with the result that 14 members were secured and a local board was organized.

The get-together dinner staged that evening was featured by a very able address by John F. Stafford, western manager of the Sun. He pointed out the difficulties of present day conditions and said: "The man who puts his shoulder to the wheel; the man who says 'I Will'; the man who determines to make good; the man who keeps himself well informed as to insurance changes—he is the man who not only can come through, but who is bound to come through."

#### Calhoun Takes Wolff's Place

W. B. Calhoun spoke at the banquet on National association activities. He ably filled the place of President Allan I. Wolff, who was called to New York

for the code committee meeting. Mr. Calhoun paid high compliment to Mr. Wolff for his untiring efforts in the Chicago Board and Illinois association work. Mr. Calhoun said in commenting on Mr. Wolff and the new officers of the National association: "No new administration has ever been charged with more serious problems than this one. Don't be critical of the new administration. The National association has accomplished a great deal for the local agent."

M. M. Duel, a member of the Fond du Lac Board, presided ably as toastmaster. Entertainment features were furnished by A. B. Paulson, special agent for the America Fore group, and Harvey Gerard, state agent of the Providence Washington. The banquet was closed with a talk by Arthur Whitcomb, general counsel of the Milwaukee Electric Railway & Light Co.

The Wednesday morning session was given over to two very interesting talks on compensation by Frank P. Lawton of the state insurance department and E. A. Piepenbrink, Wisconsin general agent of the New Amsterdam Casualty.

Wednesday afternoon was devoted to a golf tournament and auto ride.

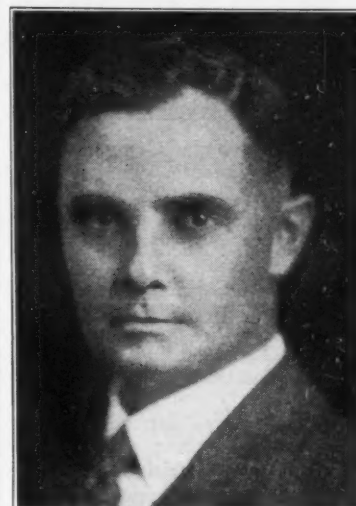
#### Wisconsin Meeting Sidelights

Joe Grundle of Milwaukee, the perennial secretary of the Wisconsin association, in his report as secretary-treasurer showed the association to be in excellent financial condition with \$2,200 cash on hand.

\* \* \*

F. J. Lewis of Milwaukee, who is National association councillor for the Wis-

## Reports on Code



FRED J. LEWIS

Fred J. Lewis of Milwaukee, past president of the Wisconsin association, reported on the NRA code situation at its annual meeting.

consin association, in his usual pleasing manner gave the report of the discussions at the National association on the NRA code.

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### Lewis Reviews Problems Facing Insurance Agents

Problems facing the National Association of Insurance Agents were fully discussed by F. J. Lewis, Milwaukee, in his review of the Chicago convention at the annual meeting of the Wisconsin Association of Insurance Agents. He said he was impressed with the strong organization spirit evidenced from every angle. Agents were emphatic in condemnation of non-cooperating companies, bad practices and antiquated rules and methods of agents and companies hampering stock insurance. Praise was sounded at Chicago for agency companies improving their own and their agents' facilities and efficiency and the general recognition that properly managed companies operated strictly under the American agency system, through carefully selected agents, will assure the continued supremacy of stock fire and casualty insurance.

A committee of the National association will confer with a company association committee to evolve and file a code under the NRA to include provision for fair competition, said Mr. Lewis. "An insurance code can eliminate wasteful, unethical competition, increase pay rolls and raise the standards of service and integrity."

#### Results of Conferences

In the conferences between national councillors representing the mid west states and a committee of company managers reduction of commission as a result of the disastrous loss ratio was opposed by the agents. "We contended that while every effort should be made to reduce losses and curtail expenses it was unfair and unsound to establish the principle of reducing commission of the agent on unprofitable classes." The order for reduction of commissions was rescinded.

"Consideration," reported Mr. Lewis, "is being given Interstate Underwriters Board rates and rules under which it is contended the local agent is at a disadvantage in competition with the large city broker."

"An improved general cover contract is recommended. Smudge damage not only from oil burners but from all type of heating apparatus should be covered. More modern and applicable forms of use and occupancy should be available."

"General discussion of the comprehensive household or personal property policy develops a realization that upsetting of the established lines of insurance with a general but unprofitable turn-over of the business, uneconomic competition of agents and companies and the replacement of standard forms of insurance by a new and untried form of coverage, is undesirable; and an early discontinuance of such comprehensive policy will be the result."

"The 60 day loss payment is considered to have been an emergency measure and action looking to its early elimination will probably soon be taken. The vacancy charges in present use will probably be more equitably revised."

"Conference and cooperation between companies and agents," concluded Mr. Lewis, "will result in lasting benefit to the business while recrimination, criticism and dissension profit none of us and retard its development."

Fon du Lac greeted the delegates with a snowstorm and cold weather, which put a damper on the golf tournament scheduled for Wednesday afternoon.

The Dodge County Association, unique, in that it embraces the agents of an entire county rather than those of one city, was represented by nine members.

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### Silver Lining Seen If Agents Will Study, Work

(CONTINUED FROM PAGE 18)

who delves deeply not only into the insurance needs of the assured, but who is capable of figuring out the insurance program for the assured and who then presents the program in A-B-C manner—he is the man who not only can come through, but who is bound to come through.

#### All There Is to It

The man who does a little more than he is asked to do; who takes a little more care than he is expected to; who puts small details on an equal footing with the more important ones, he is the man who makes a success of any undertaking. Each little thing done better is the thin edge of the wedge into something better.

Nothing is so contagious as enthusiasm. It moves stones; it charms brutes. Enthusiasm is the genius of sincerity, and truth accomplishes no victories without it. If a man works enthusiastically and keeps his mind everlastingly on the fact that if he works and works enthusiastically he not only can but will go ahead, why then he will go ahead and that's about all there is to it, and I know.

#### New Type Is Required

The old agents of yesterday, doing business along the old lines of yesterday, cannot and will not perform the tasks of the modern agent of today. It requires a new type of man; a new attitude towards the business; a new vision; a new intelligence; a new education. We must recognize these new conditions and we must adapt ourselves accordingly.

If an agent of today sits back and dreams; if a manager of today sits back and dreams; if either of us sits back and dreams of the good old days and the good old ways, then both of us are lost and we will have no one to blame but ourselves if we are thrown into the discard. The old-time company official and company manager is just as much out of place as the old-time local agent.

#### Can Still Sell Insurance

I sometimes think that some of our troubles can be traced to people in the business who are ossified, who are inelastic; who have but little vision and who are still living in the past and trying to work according to antiquated methods. They do little but decry the present trend of the times and the effects. They see their business reduced and they holler their heads off about it—and yet insurance premiums, it seems to me, can still be secured by the local agent if he will but study the various coverages that the ordinary assured not only should have but must have, and if he then properly presents his insurance program to his assured in an intelligent and understanding way.

It is certainly true that we are passing through an evolutionary process. The survivors will be those who are alert, intelligent, well prepared, well equipped to meet the changing seasons and can diagnose the needs of people insurancewise according to present demands—and don't let anybody tell you anything else.

#### Agent Must Study Hard

We cannot, as in the days gone by, rely on pull, influence, relationship or pure good fellowship to get business. The modern agent must recognize that this business today is more complicated. The agent must study and study hard. He cannot sit in his office and expect

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business to come to him. He must study hard. He cannot sit in his office and expect business to come to him. He must study the science and art of successful salesmanship; he must be able to give the same sort of service to his client in the small town as the agent of the big city gives to his—and then, despite all the trials and tribulations that may beset us; despite all this pessimistic feeling that comes during the days of depression, things will work out for that agent. I know it. I have seen it done.

Bunk! Well, perhaps so. But I felt like saying it to you, so now you have it.

#### Real Value of a Smile

Now let me get to the depression idea. Sure we have a depression. We have always had depressions every now and then. Depressions run in cycles and we will probably go on and on to the end of time having periods just as depressed as this, and possibly some that are worse. But I tell you men you can get by a very great deal easier; you can feel better, and you can make every one around you feel better, if you will but learn the real value of a smile, and if you will then learn to smile and smile and smile again. No finer gift was ever bestowed upon man than the power to smile. Very easy it is to smile when the sun is shining, when things are coming one's way, when there is nothing to worry you, when the whole world seems to be singing; but to smile when the clouds are gathering, when things are not coming right, when defeat seems inevitable; when losses are apprehended, is the real gift that will save a man from the bridge of adversity.

#### Country Had Case of Nerves

The country has had a bad case of nerves. Gloom has pervaded its atmosphere. It seems so strange that after a jazz period there should ever come a halt and matters brought to a stage where everything seemed to go wrong. The remedy is to smile and smile and smile again, no matter how

barren the envelopes may be that come to one's desk in the mails of the day and no matter how difficult the problems may be, no matter how hard the struggle may be, we can save ourselves a wonderful amount of real worry—and after all worry has never gotten a person anywhere—if we smile. We can solve our problems, as we hew away at difficult situations, just so long as a smile is on our face and a song on our lips. This is not difficult. It is but natural. It isn't the heritage of a few; it is the opportunity of all.

#### Differs from Former Panics

The panic of 1929 in the United States and the resulting business depression of 1930, 1931, 1932 and 1933 differs, from all which have gone before in three respects:

1. All the world is now involved. We were alone in former crises.
2. We cannot depend on Europe to assist our recovery now as we have in the past.
3. We now have a federal reserve banking system which did not exist in former crises, and which has helped us greatly.

The old symptoms preceded this depression, viz: Overproduction of commodities, like wheat, cotton, oil, copper and sugar, which the world has been unable to absorb; numerous new enterprises and schemes of all sorts; a rise in prices of commodities, land, houses, etc.; an increasing demand for workmen with a rise in wages and salaries; a growing love of luxury leading to excessive expenditures; a period of overtrading with wild speculation—and then Old Man Depression put in his appearance again.

#### Confidence Is Needed

So what of the future? When conditions become as bad as they can be—and it would seem that such a stage has now been reached—any change must be for the better. Our government seemingly is doing all it can to bring back prosperity, but we must have confidence in our government; we must have confidence in ourselves and we must have confidence in our associates if we are to do our part in pulling through.

The year 1933 is a period of readjustment and only the fittest will survive. A comparison of this with previous business depressions indicates that all were caused by the same factors. Our population now is nine times greater than in 1837, and nearly twice that of 1893, when major panics occurred. The number of people affected is therefore much greater now and individual losses much heavier. The wealth of the country, however, is many times greater than during any former panic years. Every great business depression has seemed more disastrous to those who have passed through it than any which has preceded it. A careful study of previous panics, however, will not justify the conclusion that this is more severe than others.

#### Is a Pretty Good Country

The United States of America has survived many panics and business crises, some of which have been far more trying than the present one. The country has recovered from all of them and each time has taken a fresh start to accomplish greater things, and each time it has accomplished greater things. History will repeat itself and the present apprehension and lack of confidence will be forgotten by the time another generation assumes control.

The United States of America is a pretty good country and it is sure to come back.

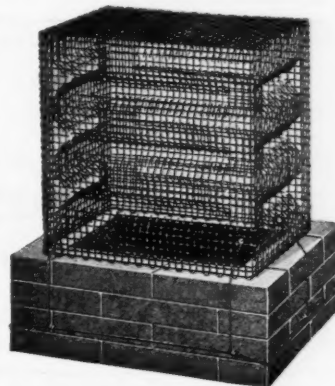
And now, before I close, let me get away from this Old Man Depression. Let me get away from all thoughts that tend to anything except optimism, and let me in closing say to you that not only do I hope that prosperity is just around the corner but that I am mighty glad to have been able to come to Wisconsin again and to meet so many of my old friends—so many of my old-time friends—of many, many years' standing.

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THIRTY-SEVENTH YEAR—No. 43

CHICAGO, CINCINNATI, SAN FRANCISCO AND NEW YORK, THURSDAY, OCTOBER 26, 1933  
Office of Publication, 175 West Jackson Boulevard, Chicago, Illinois

KANSAS AGENTS  
CONVENTION NUMBER

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Protection Will Eliminate  
Troublesome Claims

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plated in Policy Contract

Questionable claims and the enforcement of the 60-day loss payment clause were discussed by L. I. Gaines, Commercial Union, president of the Kansas Fire Underwriters Association, in a paper which was read at the Hutchinson convention of the Kansas Association of Insurance Agents by N. K. Nelson, Great American.

Mr. Gaines stressed the selling to assureds of proper coverage so that they will know what is and what is not covered by the policy. Certainty of the payment rather than the idea of immediate payment should be stressed. If the clients are properly insured there will be no trouble with adjusters or in payment of claims after loss.

#### Claims Not Contemplated

Every agent, said Mr. Gaines, has one or two good substantial clients that he thinks should benefit from exceptions, and the companies see this multiplied by thousands of agents. Exceptions, if permitted, become the rule.

The agents and companies are being confronted with claims never contemplated under an insurance contract. Probably the most objectionable and aggravating claim of this nature is the cigarette loss. The companies have been forced to pay numerous accommodation claims involving cigarette burns without admission of liability. Companies are no longer accepting the "accommodation" viewpoint, asking agents to stop such claims at their source—when they are reported to them.

#### Not Properly Installed

Windstorm or hail damage on ruberoid, felt and unapproved composition roofs are another type of embarrassing claims, said Mr. Gaines. This type deals with the condition of the roof before the cause of damage, rather than the cause. Most trouble comes from wind and hail claims on the roll type of roofing because of the difficulty of installing it properly. Loose corners and air pockets make it susceptible to damage by slight breezes and light hail fall. The companies agree and are glad

### Guide Kansas Agents' Destinies



DUANE T. STOVER, Wichita  
President



J. V. KELLY, Leavenworth  
Chairman Executive Committee

to pay actual losses and damage but they object to paying for what really should be classed as repairs.

In discussing the lightning and electrical apparatus clause, Mr. Gaines said that the electrical apparatus clause is specifically clear. Lightning and electrical apparatus losses are usually caused by improper installation or carelessness in their use. Such damage should be termed actual wear and tear and depreciation. They are not contemplated and cannot be covered under a fire policy.

#### Standard Policy Liberal

Other exclusions were discussed by Mr. Gaines. He said the standard fire insurance contract is very liberal and flexible but it could be made more liberal if the insuring public would accept such a contract as it is intended.

In discussing the 60-day loss clause, Mr. Gaines said that he believes that any honest assured is more interested in the certainty of the payment rather than the time element. No harm can possibly come from withholding loss drafts to the 60-day limit, said Mr. Gaines, as has been clearly demonstrated since the inauguration of the moratorium. Losses have decreased both in numbers and amounts. Much credit must be given the moratorium. Lumber yards and dealers are glad to sell their building material if they know they are going to be paid in 60 days so that the assured will have no difficulty in making replacement after the adjuster has accepted proof of liability.

Hutchinson, Wichita, Topeka and Kansas City, Kan., were all well represented. Agents attended from practically all sections of the state.

### Strengthening of Agencies Stressed by W. E. Harrington

Steps towards strengthening the agency system were urged by W. E. Harrington, past president National Association of Insurance Agents, in his talk to the Kansas Association of Insurance Agents. He suggested that a study be made by a committee of company representatives and agents of means of creating fairer competitive conditions for full time agents. The study should embrace plans for education of agents, means of sound merchandising, proper agency accounting and office efficiency, methods of developing office solicitors and ways of effecting economies. Agents should not sit complacently by and soothe themselves to sleep with the thought of continued superiority, declared Mr. Harrington.

Agents are confronted with a virtual mandate from the National government to govern trade practice through trade organizations. The indifferent agent must be awakened to this responsibility. This calls for leadership on the part of state associations. Business is on the threshold of great changes and sound constructive leadership is needed. Mr. Harrington outlined qualifications for the competent insurance agent and said that each agent has a right to demand the elimination of the incompetent agent who increases the company's loss ratio through improperly written contracts.

### Sixty-Day Claim Payments Opposed

Seek Local Placing of Surety  
Coverage on Federal  
Projects

### KELLY IS NEXT IN LINE

Wichita Named for 1934 Meeting—  
About 250 Agents Attend Annual  
Convention in Hutchinson

#### OFFICERS ELECTED

President—Duane T. Stover, Wichita.  
Chairman Executive Committee and  
Vice-President—John V. Kelly, Leavenworth.  
Secretary-Treasurer—Wade Patton,  
Hutchinson (reelected).  
Executive Committee—J. D. Gilmore,  
Independence; E. M. Hartley, Winfield  
(new); Don Ellis, Kansas City; Holmes  
Meade, Topeka; Fred Fitzpatrick, Salina;  
Roscoe Case, Marion; Raymond  
Budge, St. John (holdover).

#### By BYRON R. WARD

The Kansas Association of Insurance Agents went on record favoring local placing of surety coverage on federal projects and abandonment of the enforcement of the 60-day loss clause, at its annual meeting in Hutchinson. Duane T. Stover, Wichita, was elected president and John V. Kelly, Leavenworth, was named to succeed him as chairman of the executive committee and vice-president. About 250 agents registered at the meeting and a number of company officials were present. At the executive committee meeting following the convention Wichita was selected for the 1934 meeting.

Talks were given by H. C. Wilbur, Chicago managers' consultant, and W. E. Harrington, Atlanta, past president National Association of Insurance Agents. W. P. Robertson, assistant to the president of the North America, spoke on the "Romance of Insurance" in connection with the interesting display furnished by his company showing some old relics used in the early fire insurance days by both the companies and members of the fire department. G. M. Brewster, assistant Kansas insurance commissioner talked. N. K. Nelson, Topeka, vice-president Kansas Fire Underwriters Association, spoke for Lloyd L. Gaines, president of that organization, who could not be present on account of illness. O. W. Wilson, Wichita chief of police, discussed "Public Safety in Traffic." W. N. Sidlinger,  
(CONTINUED ON PAGE 29)



## Stock Fire Insurance Meets Yardstick of NRA Program

### WILBUR SPEAKER IN KANSAS

Chicago Insurance Consultant Addresses  
Agents' Association in Annual  
Meeting at Hutchinson

The yardstick of NRA codes and the "New Deal" was applied to the performance of stock fire insurance in the last few years much to the credit of the companies by Harry Curran Wilbur, consultant of Chicago in an address on "The Good Neighbor" at the annual meeting of the Kansas Association of Insurance Agents in Hutchinson. He took the affirmative of the proposition that fire companies had proved by cold facts of record that they have won the title "good neighbor" fully, fairly and squarely.

No one can charge that the profits, when realized at all by stock fire companies, have been exorbitant, he said. They have not reached the figure declared to be reasonable by the National Convention of Insurance Commissioners. In 1931 the National Board companies showed only 0.96 of 1 percent profit and in 1932 no profit at all, but underwriting deficit 0.010 percent. For the five-year period 1928-1932 inclusive, underwriting profit of only 2.4 percent was realized.

#### Form of Organization Soundest

The form of organization of the stock companies is that generally accepted by business as basically soundest and most satisfactory, he said. He considered it worthy of note that stock fire companies render the service without making policyholders assume in any way any risks or responsibilities of the business. They furnish coverage and service at a fixed and predetermined cost, a benefit he considers vitally important to insurance buyers, especially now when the country is operating under the NRA program. Neither manufacturer nor merchant can intelligently and accurately fix selling price until he definitely knows his cost. Mr. Wilbur said here, at least, is one element upon which he can rely.

In another way the stock fire companies measure up to the same high standard, he said. One of the problems of the NRA administration is to hold prices to consumer at minimum consistent with increased cost imposed on manufacturer and merchant by the codes. He pointed out that the average fire rate has been consistently dropping for many years, going to a new low of 70.16 cents in 1932.

#### Calls It Quality Product

There is fine quality in the product of stock fire companies, he said, which may be proved if one goes to a banker to borrow on his home, store, warehouse, or goods when he does not have building or contents adequately insured in an admitted company.

Mr. Wilbur pointed out that one of the principal items in the recovery program, reduction in principal amount of farm mortgages and interest rate thereon, could not well be accomplished save for values adequately insured in sound companies. In the same way stock fire companies throw their protection around the railroads, railroad terminals, buildings, stock, goods in transit. They have invested over \$180,000,000 in railroad stocks and \$287,000,000 in railroad bonds; over \$182,000,000 in utility stocks, and \$181,000,000 in their bonds. They have invested \$305,000,000 in industrial stocks of American manufacturers and \$97,000,000 in their industrial bonds.

In bank stocks the stock fire companies invested \$250,000,000 and they maintain banking balances averaging nearly \$125,000,000 throughout the year. A significant item is \$162,000,000 premiums in process of collection and not more than 60 days past due, which, since they have not been remitted to the fire

companies, are either in bank accounts of agents or assureds, and therefore functioning in business and industry.

Stock fire companies have invested \$126,000,000 in municipal, county and district bonds, \$42,000,000 in bonds of states and territories, and \$175,000,000 in bonds and securities of the United States. The grand total of investments in industry, bank and governmental bonds is \$2,674,324,735, he said.

#### Notes of Kansas Meeting

Glenn Charlton of the Charlton Insurance Agency, Lawrence, former president of the Kansas association, had to do some hustling to be on time for the

opening session. He attended the national meeting in Chicago. From there he went to New York and Hartford. Returning he flew from Hartford to Kansas City, his first trip in the air and a rather long one.

\* \* \*

Some of the other prominent insurance men who attended the convention were J. R. Morrissey, Chicago, special representative Hartford Fire; Harry Cleveland, Chicago, Automobile's marine department; H. W. Kenyon, Chicago, state agent Sun Indemnity; J. W. Campbell, Tulsa, Okla., with John G. Simmonds & Co., who formerly was with the Wheeler-Kelly-Hagney Agency, Wichita; L. N. Ewing, Tulsa, Okla., general agent; C. A. Bissett, Kansas City,

Mo., manager Aetna Casualty; O. T. Cropper, Topeka, manager Aetna Life; W. C. Hodges, Topeka, manager Kansas Inspection Bureau; Myron Platt, Kansas City Mo., manager Travelers Indemnity, and E. B. Fergus, Wichita, manager Kansas Inspection Bureau.

\* \* \*

One of the reasons why the Kansas association maintains its high position among the ranks is that all of the nine living past presidents were present at the meeting.

\* \* \*

Both the Topeka and Salina local boards paid their dues for new fiscal year at the convention. The checks were turned over to Secretary Wade Patton.



# GREETINGS KANSAS AGENTS

● As Neighbors, we extend greetings, and congratulate you upon the high standard of the insurance business in Kansas.

● Although operating from coast to coast, in more than half the states of the Union, we are glad that The Western Insurance Companies are always referred to as "Kansas Companies."

● It has been gratifying to see our premium income grow during this period, when business generally has not prospered. Our volume from January to August increased \$52,000 over the corresponding months of 1932. But we are particularly proud of the continued growth of our business in Kansas during the three years of depression. These are the totals of our Kansas business for the first eight months of each year:

1931 .....	\$101,624.
1932 .....	105,453.
1933 .....	110,404.

*We thank you, and pledge our cooperation in your efforts to maintain high standards in the insurance business in Kansas.*

## The Western Casualty and Surety Company

CAPITAL, \$750,000.00

ASSETS, \$3,172,752.00

## The Western Fire Insurance Company

CAPITAL, \$500,000.00

ASSETS, \$1,398,518.00

Home Office: Fort Scott, Kansas

# THE PREFERRED RISK

FIRE INSURANCE CO.  
TOPEKA, KANSAS

**A** STOCK Fire Insurance Company  
Equipped to Give Insurance Service  
to Kansas Agents.

CLYDE W. MILLER  
President

L. B. BURT  
Secretary

## The CHARLTON INSURANCE AGENCY LAWRENCE, KANSAS

Phoenix Indemnity Co. of New York  
for Kansas and Missouri

London Guarantee & Accident  
for Kansas

American Bonding Co.  
for Kansas

BRANCH MANAGERS MARINE DEPT  
Connecticut Fire Ins. Co. of Hartford

### AGENTS WANTED

We furnish a general agency service with a helpful educational  
feature. See us or phone or write for information.

## Reliability

For over thirty-six years, the type of insurance service which this company has rendered has given to it that reputation which can only come through fair dealing, and the accomplishment of a worthy ideal—a constantly growing clientele.

**The  
Wheeler Kelly & Hagny Company**  
WICHITA - - - KANSAS

**FINANCE YOUR ASSURED  
ON THE ATLAS PLAN**

#### REASONS

Simplicity, cash on approval. Our forms do not change the policy conditions, 18 years experience in keeping the public satisfied.

"Your Policy Stays Sold."  
Write us for details.

**ATLAS ACCEPTANCE  
CORPORATION**

1012 Baltimore Kansas City, Mo.

**INSURANCE  
DULANEY, JOHNSTON & PRIEST**

W.R. Dulaney  
H.R. Johnston  
Frank T. Priest  
Wm. J. Bauerle  
Elmer C. Beezley  
Chas. J. Slawson

PHONE 33-211 CENTRAL BLDG.

WICHITA, KANSAS

## Changes in Farm Practices Recommended by Rosse Case

### REPORTS TO KANSAS AGENTS

Advocates Placing Farmer and Resident  
of Country Town on Same Footing  
Insurance Wise

Rosse Case of Marion, in his report as chairman of the farm conference committee at the annual meeting of the Kansas Association of Insurance Agents at Hutchinson, made a number of specific recommendations for improvement of farm writing. He said the farm insurance outlook is much better, many companies having had a better loss ratio for the first nine months of this year than for the previous five year period.

Mr. Case said the companies should cease overhead writing in the farm field. Allowing life or mortgage companies to place insurance on farms without inspection or underwriting is inexcusable. Some companies contend they must make such deals, he said, because if they did not the life companies would form a fire company to write their own property. Mr. Case expressed doubt that the life companies are in a position to handle anything more than their own problems these days. The system of schedule rating should be extended, he contended, particularly as to barns, since there is too much of a difference in hazard between the barn and the dwelling.

#### Household Goods Cover

Mr. Case said the farmer resents being put in a different class from the resident of a country town. The farm policy, he said, should contain the same comprehensive coverage on household goods which the town policy contains. Mr. Case argued that the ten day vacancy provision in the farm policy as contrasted with 60 days in the country town policy is unjustified. Charging the farmer for tornado builder's risk if he remodels a building is unfair, according to Mr. Case.

The item in the farm policy which covers grains and threshed seeds in certain buildings and grain only while in stacks, Mr. Case characterized as "rotten." The items, he contended, should read, "on grains, feed, ground feed and all kinds of manufactured stock foods while in any building and against fire and lightning only while in stacks, shocks or sacks on the premises herein described." Ground feeds and manufactured stock foods, he said, should be included in the item on grain since ground feed is only a processed grain.

#### Coinurance Clause

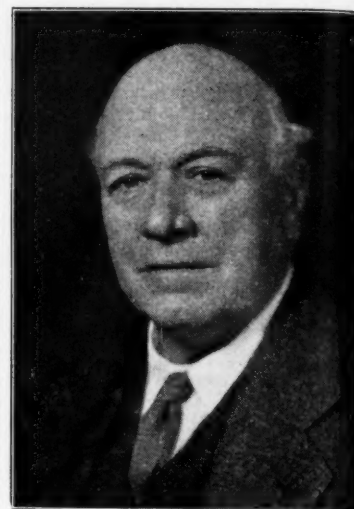
Mr. Case condemned the rule providing that the coinurance clause must be used where the assured has more than 29 head of cattle. He contended the percent of loss on herds of over 30 is less than the percent of loss on herds under that figure and the companies could collect more premium without assuming additional risk if the rule were eliminated.

The stock companies, like the mutual companies, he said, should approve the use of gasoline lanterns, which he contended are safe. He criticized the practice of deferring loss payments 60 days.

Mr. Case concluded with a suggestion that a farm agents section of the Kansas Association of Insurance Agents be created. This division, he said, could circularize the country agents and hold regional meetings in country towns.

One of the entertainment features was a trip to the rock salt mine of the Carey Salt Company. Several large groups made the trip. All returned with samples of rock salt and everyone was pleased to receive small samples of salt in both shaker and solid form at the banquet. Arrangements were made by Wade Patton.

## Rosse Case's Farm Talk Arouses Much Discussion



ROSSE CASE

Considerable discussion followed the talk of Rosse Case, past president from Marion, on improving farm business. Kansas agents have considerable farm business, especially those located in the smaller towns. Mr. Case will follow through on his idea of changing the contract and rules to some extent and will probably obtain some very good results for the Kansas agents.

## Sparks from the Anvil at the Kansas Agents Meeting

Gifts were tendered past President Holmes Meade, Secretary Wade Patton and W. E. Harrington, Atlanta, Ga., at the banquet. Bert Mitchner gave the presentation speeches. Mr. Harrington was given a "malted milk" set, although Mr. Harrington and the guests noted its similarity to a "drinking set." However, since Mr. Mitchner is personally a strong temperance man and the son of Lillian Mitchner, for many years president of the Kansas W. C. T. U., all were positive that it was intended for soft drinks and was truly not what it seemed.

Duane T. Stover of the Harris, Burns & Co. agency, Wichita, newly elected president of the Kansas association, received word the opening day of the convention that he had been elected to the K. C. C. H. degree of the Scottish Rite Masons by the supreme council meeting in Washington. Harold Cravens of the Cravens Agency, Salina, was at the same time elected to the 33rd degree and was in Washington, D. C., for the supreme council meeting, missing the Kansas agents convention, which he usually attends.

Considerable interest was attracted by a display of safety posters being used by the Hutchinson Board in cooperation with the police and fire departments in public buildings. The posters are doing a fine service in selling traffic safety in Hutchinson.

W. E. Harrington, Atlanta, former president of the National association, who was one of the principal speakers, left Hutchinson for Chicago to spend a few days at the fair. From Chicago he journeyed to New York before returning to Atlanta.

Among the company officials who were present were W. P. Robertson, assistant to the president of the North America; John P. Stafford, Chicago, western manager of the Sun; Clyde W. Miller, Topeka, president Preferred Risk Fire; L. B. Burt, Topeka, secretary Preferred Risk Fire; O. P. Rush, Kansas City, Mo., vice-president Kansas City Fire & Marine; L. L. LeBout, Kansas City, Mo., resident vice-president United States Fidelity & Guaranty; B. J. Elem, Wichita, secretary Central States Fire; E. P. Linn, Kansas City, Mo., vice-president Central Surety.



## Sixty-Day Claim Payments Opposed

(CONTINUED FROM PAGE 26)

Hutchinson, insurance advisor of the Wiley Dry Goods Company, and Conrad McGougan, Topeka, secretary Motor Transportation Association of Kansas, spoke, and S. H. Reynolds, Kansas City, Kan., discussed "Your share of Municipal and School Insurance and How to Secure It."

### President Meade Reports

President Holmes Meade's annual report showed that the association had gone forward and had concluded a successful year. Secretary-treasurer Wade Patton reported a fine membership and financial record. Frank T. Priest, national councillor, reported upon the activities of the National association and reviewed the national convention. Rosse Case, Marion, past state president, talked on "Farm Insurance."

The convention opened with an executive committee dinner meeting given by the Hutchinson Board.

The business sessions were called to order by President Holmes Meade. N. N. Kline, Hutchinson, led in singing. Cash attendance prizes were awarded at the various sessions and were won by V. M. Richman, Dale Thomas, and Miss H. Wright.

Bert E. Mitchner, Hutchinson, past state president, welcomed the agents in place of C. E. Long, president of the Hutchinson Board, who is in the hospital as a result of an automobile accident. Mark Bridges, Norton, executive committeeman responded.

H. W. Thiessen, Hutchinson, was toastmaster at the banquet. Two breakfast conferences were held, one for local board officers and delegates which was led by John V. Kelly and the other one for agents and company representatives led by Frank T. Priest.

### Golf Prizes Awarded

The following agents won prizes in the golf tournament on the last afternoon: Low medal score, Ray Hagenmaster, Hutchinson; 2nd low medal, W. M. Green, Jewell, Kan.; 3rd low medal, D. W. Studdard, Topeka; high medal, Joe McGuire, Haven, Kan.; 2nd high medal, F. A. Gould, Arkansas City; 3rd high medal, Ed Johnston, Wichita; most birdies, C. G. Blakely, Topeka; most 3's, Glenn Hussey, Topeka; most

fours, tied by H. P. Patton, Hiawatha, Kan., W. J. Baurle, Wichita, and Holmes Meade, Topeka; most fives, C. H. Lind, Kansas City, Kan.; most sixes, R. L. Benjamin, Wichita; and most sevens, J. L. Wikus, Topeka.

The following field men were awarded prizes: Low medal, A. I. Doling, Topeka; 2nd low medal, W. M. Baker, Kansas City, Mo.; high medal, Harry Brown, Lawrence; most birdies, C. L. Zook, Topeka; most fives, James Campbell, Tulsa; most sixes, H. P. Linn, Kansas City, Mo.

The blind bogey prizes were as follows: low, Cheney Prouty, Jr., Kansas City, Kan.; high, Mark Bridges, Norton, Kan. The prizes in the putting contest were won by Chick Slawson, Kansas City, Mo. and G. M. Montgomery, Wichita. The low foursome was won by Chick Slawson, Shelby Holmes, Glenn Hussey and O. P. Rush.

In the flight for Hutchinson agents only low medal was won by Hugh Conner; second low won by Harry Davis; third low won by Byron Astle and fourth low won by John Dyck.

Considerable commendation was given Wade Patton, secretary-treasurer, for his annual report which showed a cash on hand balance of \$331, compared with an overdraft of \$25 the year previous in spite of the fact that the total dues for the year were \$730.50 less than the previous year.

## Presides



HOLMES MEADE

The business sessions of the Kansas Agents' meeting were ably presided over by President Holmes Meade, Topeka.

## Highlights of Kansas Meeting

Upon adjournment of the convention the executive committee held a luncheon meeting. Holmes Meade was reappointed chairman of the legislative committee. Frank T. Priest was again re-elected national councillor for Kansas.

\* \* \*

Duane T. Stover, new president, plans to make a two weeks tour of the state early in November to revive interest in the association in the nature of a "good will" tour. Several inactive boards will be contacted as a preliminary step to an active membership campaign which will be conducted during the year under the direction of the executive committee, each member of which will be in charge of his district of the state. Members of the executive committee live in Salina, St. John, Marion, Winfield, Leavenworth, Topeka, Independence, Kansas City, Hutchinson, and Wichita, so that

the state is well covered. Mr. Stover was chairman of the membership committee two years ago when Rosse Case was president and brought the membership up to some 335, the largest in its history. It has slumped around 50 the past two years and a strenuous effort will be made to regain at least that number of members.

\* \* \*

In his talk, "Romance of Insurance," W. P. Robertson, told of the early days of the fire and marine insurance business and of its progress up to the present day. Fire department equipment used today has removed most of the romance of old from fires. In the early days in our colonies a company would not issue a policy upon a dwelling surrounded by trees because they felt that the trees attracted lightning and that it interfered with fighting the fires. As a result of this underwriting the Green Tree Insurance Company was started. It issued policies upon these risks at

## Priest Reviews Activities of National, State Groups

### STRESSES COLLECTION WORK

Overhead Writing Checked — Agents

Lose Five Million Annually on

Not Taken Policies

A review of association activities was presented by Frank T. Priest, national councillor, at the Kansas Association of Insurance Agents' annual meeting. Through cooperation with the insurance department and field men the state association aided Kansas City, Kan., agents in eliminating much of the overhead writing in that city. The Kansas association has also been busy combating all forms of over-head writing, improper licensing of agents, fictitious automobile fleets, and the elimination of production branch offices. Steps have been taken to secure the passage of an agent's qualification and a resident agency law.

### Urged Collection Drive

Mr. Priest also told of the results of the National association's activities and accomplishments. He urged agents to make a drive on collections so that companies can be paid balances by the end of the year, thus helping them to strengthen their annual financial statement. He recommended that the agents spend most of their time—if their collections need it—between now and Dec. 31, getting them in and eliminating those who cannot or will not pay. Agents lose approximately \$5,000,000 a year on commissions on not taken policies. Mr. Priest asked for cooperation for the NRA and the President's recovery program.

an advanced rate and premiums for the additional hazard.

\* \* \*

John Stafford, western manager of the Sun, was the guest of Will S. Thompson, who has represented the Sun at Hutchinson for over 37 years, it being the oldest company in his office. State Agent John Dulaney of the Sun was also in attendance.

Mr. Stafford made a short talk at the banquet, explaining that he would be able to retire next spring as the depression would be over. He invited his friends to visit him at his orange farm in Florida after his retirement.

## KANSAS AGENTS

Place your Casualty business through a Kansas General Agency of many years standing.

Your problems will have quicker and more sympathetic attention.

Losses will be paid at once.

Only the strongest financial companies represented.

## MEADE GENERAL AGENCY

UNDERWRITERS OF ALL FORMS OF CASUALTY INSURANCE

HOLMES MEADE  
LAKIN MEADE

TOPEKA, KANSAS

JOE W. HULL  
CHAS. J. SMITH

### GREETINGS

## MILLER - STUDEBAKER AGENCY

GENERAL AGENTS

TOPEKA, KANSAS

## Southern States Local News

(CONTINUED FROM PAGE 16)

aminations and Judge Daniel is trying to figure some way to continue the work, in spite of the expense limitation. He says that suspension of examination work would mean a big loss to the state, as more than \$100,000 in delinquent taxes was collected as a result of examinations made last year.

### Tells Value of Inland Marine

MEMPHIS, TENN., Oct. 25.—The value of inland marine insurance in developing new business was described by A. G. Wilbor, Chicago, special agent Phoenix of Hartford, before the Insurance Club of Memphis at its October meeting.

### New Agencies in Texas

T. H. Choate, formerly special agent for the Springfield Fire & Marine and W. G. Lutz, formerly with the Sanger & Altgelt agency, have opened a local

agency at 437 Moore building, San Antonio, Tex.

O. A. Duncan has opened the Duncan Insurance Agency at San Angelo, Tex., with offices in the San Angelo National Bank building.

### Kentucky Deputy Resigns

Dr. M. H. Beard has resigned as Kentucky deputy insurance commissioner in charge of securities.

### Take on Canadian Companies

Sloan & Co., San Antonio general agents, have been given representation of the Western Assurance and British America of Toronto.

At the meeting of the **King County Insurance Association** (Seattle) practical arguments to be used by stock company agents in combating mutual and reciprocal competition were advanced. Special agents participating were A. Y. Holman, American Fore; Edward W. Lowe, National of Hartford, and W. H. Maloy, Great American-Phoenix. Deputy Insurance Commissioner Bert Thurston discussed the departments program for stabilizing the automobile and fire branches of the business.

## PACIFIC COAST AND MOUNTAIN

### California Agents' Program

Annual Meeting of the State Association Will Feature Conferences in This Year's List

The program for the annual meeting of the California Association of Insurance Agents to be held Nov. 9-10 at the Hotel Huntington at Pasadena has been announced. The program is as follows:

#### Wednesday, Nov. 8

Golf tournament.  
6:30 p.m.—Stag dinner and entertainment at Hotel Huntington.

#### Thursday, Nov. 9

(All convention sessions at Hotel Huntington.)

10 a. m.—Convention convenes. W. H. Menn, Los Angeles, president, presiding. "Welcome to Pasadena," J. C. Bogardus, Jr., president Pasadena association. "Greetings from Realtors to Insurers," Glenn D. Williaman, state secretary California Real Estate Association.

Appointment of committees.  
President's annual report and report of administration.

"National Insurance Affairs," Eugene Battles, Los Angeles, representing the National Association of Insurance Agents.

12:15 p. m.—Agency Development Conferences—Luncheon.

Group "A"—Agents producing up to \$75,000 in annual premiums, C. T. Buckman, Visalia, presiding.

Group "B"—Agents producing over \$75,000 in annual premiums. C. Q. Brady, Los Angeles, presiding.

6:30 p. m.—Annual banquet. Dancing following program.

#### Friday, Nov. 10

7:30 a. m.—Breakfast conference—Local associations interested in writing political subdivision insurance, H. M. Bradley, Alameda, chairman. Discussion by: R. V. Miller, Oakland; Laurence Canfield, Santa Cruz; L. R. Johnson, Merced; H. J. Thielen, Sacramento; P. J. Riordan, Stockton, and others.

10 a. m.—Executive session for members of the California Association of Insurance Agents only.

Tentative Agenda: National Industrial Recovery Act, branch office operation, automatic cancellation, 60-day loss payment clause, insurance commissioners as collecting agencies, fictitious fleets, discussion of other current problems of members.

12:45 p. m.—Luncheon meeting—Address by G. C. Appleton, Fresno, "More Agency Service and Less Agency Expense."

2 p. m.—Executive session continued. Unfinished business.

Report of resolutions committee.

Election of officers.

Adjournment.

6:30 p. m.—Past Presidents' Dinner.

### Discuss Basic Schedule

SPOKANE, WASH., Oct. 25.—At a meeting of the Spokane Insurance Association, Charles Brant, local manager of the Washington Surveying & Rating Bureau, discussed some of the criticisms that are being offered by agents to the general basis schedule. He stressed the point that too few agents are thoroughly posted in this matter, and offered to form a class of agents for its special study.

The opinion was expressed that recent state legislation, which resulted in increased rates for cargo insurance, was too exacting and made it difficult for companies to determine their limits of liability.

### Montana Contact Committee

C. R. Lowery of Great Falls, Mont., president of the Montana Association of Insurance Agents, has appointed a contact committee to represent the agents with a similar committee of the Pacific Board, it being E. E. McMahon, Bozeman; P. J. Driscoll, Butte, and E. L. Heidel, Bozeman.

### Late Insurance News From Pacific Northwest

PORTLAND, ORE., Oct. 25.—Downward revision of rates on farm and suburban properties in Oregon appeared likely as the result of an agreement between company representatives and Portland agents. The subject will be reviewed. If approved it will be submitted to the Oregon insurance rating bureau and an amended schedule filed with the insurance commissioner. On the committee of company representatives were:

Clifford Conly, A. L. Merritt, W. G. Rich, C. A. Craft and A. F. Muentner. Representing the Oregon Agents' Union were Paul Landry of Klamath Falls, president; C. L. Sigman, Eugene, secretary; Claude Nasburg, Marshfield; M. D. Ohling, Salem; J. H. Barnett and Harvey Wells, Portland. The Portland Insurance Exchange was represented by R. W. Schmeer, president; John Sturm, A. J. McCann, J. D. Neilan, Fred Burgard, Charles Milliman, D. R. Tate, B. O. Lipscomb and E. C. Mears; the Special Agents Association by A. F. Holden, president; G. L. Dutton, secretary; Ira P. E. Reynolds, Phillips Beck, L. N. Brainerd, M. S. Farrell, Dudley Allen and Lane Goodell. The Oregon Insurance Rating Bureau delegates J. N. McCune, F. Seeley and W. F. White, V. L. Gallagher of New York, secretary of the America Fore attended.

### Coast News Notes

The Washington insurance department is renewing its investigation of promiscuous agency appointments, Bert Thurston, deputy insurance commissioner, advised the King County (Seattle) Insurance Association. Many licenses have already been cancelled and many more unqualified agents will shortly be eliminated.

Brock & Pierce of Seattle have been named as general agents in Washington for the Norwich Union. They are also general agents for Manhattan F. & M.

Seven mutuals and reciprocals writing automobile insurance in Washington have filed new rates on public liability and property damage, meeting the filings of the bureau companies which became effective Oct. 15. Among those reducing their rates were the Farmers Automobile, Inter-Insurance Exchange of Los Angeles and the Central Manufacturers Mutual.

H. Russell Drinker, heads the new insurance department of the Metzger-Parker Agency of Portland, Ore. W. W. McMonies is vice-president. Mr. Drinker has operated his own insurance agency here for the past 14 years.

New officers of the Snohomish County Insurance Agents' Association at Everett, Wash., included Henry Petershagen, president; M. C. Baldwin, vice-president; A. A. Gaston, secretary, and G. H. Wilson, treasurer.

W. J. Johnson of Vancouver, B. C., assistant engineer for the British Columbia Insurance Underwriters Association, was elected president of the Vancouver Insurance Institute. He succeeded William Butchart. W. O. Banfield was elected vice-president and G. L. Schetky was reelected secretary-treasurer.

The Association of Marine Insurance Underwriters of California held its annual convention in Los Angeles.

Walter Carroll, local agent at Antonito, Colo., has sold his agency to Peter C. Middlemist.

C. J. Deasy of Shean & Deasy, San Francisco insurance brokers, and former supervisor of San Francisco, died from a cerebral hemorrhage.

Herman Gerhardt, Tucumcari, N. M., local agent for more than 20 years, has been forced by poor health to retire, and has sold his agency to A. L. Hamilton.

E. N. Van Ness, recently appointed district manager at Los Angeles for General Agencies of New York, representing the Monarch Fire, has opened offices at 302 Insurance Exchange building, Los Angeles.

The name of the Gordon L. Eby Company, San Diego, Cal., agency, has been

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changed to the Franklin Insurance Service Corporation, following its recent merger with the Byron Gilchrist Company.

**J. M. Knowles**, local agent at Yuma, Colo., many years, died recently.

**J. P. Eckert**, Las Cruces, N. M., local agent, is dead.

**Allen Beck** of the Allen Beck general agency, Denver, is combining his vacation with a business trip to Chicago.

**J. P. Jackson**, Colorado Springs agent for more than 30 years, died recently. His widow, Mrs. Cora Jackson, will continue his agency.

**Frank Collen, Jr.**, secretary Colorado Springs Local Agents Association, has returned from California, somewhat improved in health.

**B. C. Shephard**, former special agent of the Cobb & Stebbins and Braerton, Simonton, Brown general agencies, Denver, has joined the new local agency established by N. Clinton Steel.

**W. W. Williamson**, pioneer agent at Colorado Springs, died at his home Aug. 31, after three years' illness. He was born in Shady Gap, Pa., Dec. 31, 1864, and started in the insurance business in Colorado Springs in 1890.

**Charles Schoelzel**, in the insurance department of **Van Schaack & Co.**, Denver, over 14 years, has been promoted to manager of the department. James Bardwell, formerly of the Newcomb Cleveland agency, becomes insurance sales manager.

## Eastern States Activities

### Local Agents Approve Plan

#### Company Executive Finds Sentiment in Favor of Listing Offices That Are Delinquent

NEW YORK, Oct. 25.—Returning from an extended visit to the agency force in New York state the leading executive of one of the strong home fire companies was surprised to find in practically every case the local men with whom he came in contact approved the action of the department in requiring listing of delinquent agency accounts. The feeling of the local men was that the enforced showdown would tend to drive irresponsible agents from the business, and that those able and willing to qualify with the regulation would benefit as a result. The winnowing process is proceeding apace, influences in a number of directions tending to elevate the standard of agency representation the country over.

### Armstrong Asks Companies' Views on Qualification Law

The Pennsylvania insurance department recently sent out a questionnaire to companies, asking them about their reaction to the operation of the agents and brokers' qualification laws in that state. Commissioner Armstrong, in the questionnaire, stated that he is reviewing the last six years of examining the qualifications of agents and brokers. He asked whether the system of examining the agents has been a benefit or hindrance to the transaction of business in Pennsylvania in procuring new agents, in keeping old agents, in decreasing the number of agents appointed that are later found undesirable, and in the amount or quality of business.

### Hoboken Gets Stecher Cup

HOBOKEN, N. J., Oct. 25.—Fire Chief Gilday of Hoboken was presented with the "Stecher Cup," awarded by the Hudson County Safety Council each year to the municipality in Hudson county showing the greatest percentage of fire loss reduction. Hoboken won the cup for 1932 by a narrow margin from Union City, which had previously won it two years in succession. The municipality winning the cup three times retains permanent possession.

G. E. Stecher, chairman fire prevention committee Hudson County Safety

## Goes to Vermont



COL. FREDERICK HICKMAN

Col. Frederick Hickman of Atlantic City, N. J., who has been a member of the executive committee of the National Association of Insurance Agents, represented that body at the annual meeting of the Vermont association at Rutland this week.

Council and special agent Commercial Union, the donor of the cup, told how the awarding of the cup was started. H. E. Newell, assistant chief engineer National Board, spoke on the general fire loss situation.

### New England Exchange Meets

BOSTON, Oct. 25.—At the quarterly meeting of the New England Insurance Exchange a nominating committee was appointed to bring in a list of new officers. R. A. Cummings, state adjuster for the Phoenix of Hartford, was elected to active membership. Resolutions were adopted on the deaths of two members, F. W. Alden, retired, formerly of the Home, and F. W. Bauer, retired, formerly with the Liverpool & London & Globe, and more recently an independent adjuster.

### Hear Convention Reports

CANANDAIGUA, N. Y., Oct. 25.—The Associated Insurers of Ontario, Seneca, Yates and Wayne counties met here to hear highlights of the Chicago convention. F. L. Greeno, past president of the Rochester Board, gave the principal address. Other speakers were Frank Curran of New York and S. S. May of Hartford. Augustine Sackett of Canandaigua was toastmaster.

### NRA Essex Board Topic

NEWARK, Oct. 25.—The NRA code as it affects insurance agents was the chief topic at the meeting yesterday of the Essex County Board. The agents and brokers qualification bill, which the agents in New Jersey again plan to introduce in the New Jersey legislature, was also discussed. A membership drive is being put on by the board.

### Phillips Heads Vermont Mutual

Hugh Phillips, for some time vice-president of the Vermont Mutual Fire, Montpelier, has been elected president to succeed the late G. O. Stratton. H. L. Skells, president of Vermont & Wells River railroad, becomes vice-president. D. W. Gross, secretary, has been elected a director to fill the vacancy caused by Mr. Stratton's death.

N. W. Martineau has taken over the agency of his father, Esdras Martineau, at Woonsocket, R. I.

## MOTOR INSURANCE NEWS

### Report Made as to Company

#### Illinois Department Gives Figures on Its Examination of the State Farm Automobile

The Illinois department has made public its reported examination of the State Farm Mutual Automobile of Bloomington, Ill., as of June 30.

The assets were found to be \$7,503,972. Its real estate is \$461,162, mortgage loans \$480,900, stocks \$433,188,

cash \$385,419, premiums in course of collection \$208,885. Its loss reserve is \$1,846,965, premium reserve \$2,404,856, voluntary reserve \$1,150,000, surplus \$1,170,511.

The examiners say that the financial condition of the company is sound and the management is to be commended for the results obtained. It says that it is efficiently managed and its obligations are faithfully performed. The examiners say that with the surplus \$1,770,511 there is a sharp increase as compared with Dec. 31. This is due, the report says, to the fact that it has

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—to cover inheritance taxes? If you haven't an estate on which to pay an inheritance tax, have you a life insurance estate which you can leave clear and free from such taxes?

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been the policy of the company to include in its schedule of reserves an amount greater than actually required by law, insurance department regulations and the past experience of the company.

## Code Discussion Held in New York

(CONTINUED FROM PAGE 3)

of the companies affected and ultimately to the injury of the agents themselves.

A suggestion was made by one of the agents present that perhaps the business itself might set up machinery for internal regulation which would take into account state laws and local conditions, as well as the national aspect, thus accomplishing the same thing without altering the present NRA codes heretofore filed applying to insurance.

### May Appoint Committees

On that note the conference concluded. It was suggested, however, that if the agents decided to file an amended code applying only to insurance producers, the companies would appoint a committee to confer with the agents on the important matters at issue. Further, it was stated that if the agents favor the suggestion of self-regulation, the companies would name a committee representing all company interests and attempt to reach agreement on debatable points as early as possible.

About 60 were present at the conference. Ten local agents attended, headed by Mr. Wolff. Eighteen chief executives of fire companies, many of them also interested in casualty insurance, were present, with R. M. Bissell, president Hartford Fire, as fire committee chairman.

### Some of Those Present

Six representatives of the American Institute of Marine Underwriters, with Douglas F. Cox of Appleton & Cox, New York, as chairman, were present. The executive committee of the Association of Casualty & Surety Executives, 15 in number, were present, with C. B. Morcom, vice-president Aetna Casualty & Surety, as chairman. The American Association of Insurance General Agents, National Board, Insurance Executives Association and Insurance Brokers Associations of New York, Chicago, San Francisco and Boston, were also represented.

At the conclusion of the general conference the local agents held a prolonged session to determine what their further attitude toward the code proposition would be.

### To Present Agreement

In keeping with the clear mandate delivered by members of the National Association of Insurance Agents at the annual convention, its special committee on codes will present such an agreement, decision to that end being reached at an extended conference of the committee held immediately after the joint conference with company executives. Essentials of the code have been prepared, the only matters to be decided being arrangement of the points and verbiage to be employed.

Using as a basis the code previously prepared by Secretary W. H. Bennett, the committee made such changes therein as would conform to the viewpoint of company officials; namely, that it apply to producers only and not relate to company practices. While no undue haste will be exhibited, it is hoped to have the code in shape for presentation to the NRA administration at an early date and every effort will be put forth to insure its adoption when it is called for a hearing. The committee was in session until midnight Tuesday and resumed its conference Wednesday. Past President W. E. Harrington arrived and participated in discussions.

The formal statement of the joint conference was prepared by P. L. Haid, president Insurance Executives Associ-

ation, and W. H. Bennett, secretary National agents association.

Members of the agency code committee met Wednesday with fire, casualty, surety and marine company officials to review the code as thus far prepared.

### National Board Committee

The code committee selected by the National Board to confer with agents consists of R. M. Bissell, president Hartford, chairman; C. W. Bailey, president American; Wilfred Kurth, president Home; George G. Bulkley, president Springfield; C. F. Shallcross, United States manager North British & Mercantile; F. M. Smalley, president Glens Falls; Harold Warner, United States manager Royal-Liverpool; R. P. Barbour, manager Northern of London; J. Lester Parsons, United States Fire; G. C. Long, Jr., vice-president Phoenix of Hartford; F. D. Layton, president National of Hartford; F. C. White, vice-president Hartford Fire; Ralph Rawlings, president Monarch Fire; Benjamin Rush, president North America; R. A. Corroon, president Corroon & Reynolds; Neal Bassett, president Firemen's; W. H. Koop, president Great American, and B. M. Culver, president America Fore.

### Casualty and Marine Committees

The casualty code committee consisted of the Great American Indemnity, United States Fidelity & Guaranty, Hartford Accident, Aetna Casualty, National Surety, New Amsterdam Casualty, Indemnity of North America, Employers Liability, Globe Indemnity, Massachusetts Bonding, Ocean Accident, Travelers and Maryland Casualty. C. B. Morcom of the Aetna Casualty, president of the Association of Casualty & Surety Executives, was chairman of the committee.

The American Institute of Marine Underwriters appointed the following committee: D. F. Cox of Appleton & Cox, chairman; Hendon Chubb, Chubb & Sons; H. H. Reed, North America; J. T. Byrne, Talbot, Bird & Co.; W. J. Roberts, Union of Canton, and O. C. Torrey of the Marine Office of America.

### Agency Code Committee

The committee representing the National Association of Insurance Agents consisted of President Allan I. Wolff, Chicago; Executive Committee Chairman E. J. Cole, Fall River, Mass.; Secretary W. H. Bennett, P. H. Goodwin of San Diego, Cal.; K. H. Bair, Greensburg, Pa.; S. O. Smith, Gainesville, Ga.; George F. Kern, New York City; H. E. McKelvey, Pittsburgh, and Albert Dodge, Buffalo.

## New Developments Scanned by Clark

(CONTINUED FROM PAGE 3)

Mr. Clark emphasized the importance of agents causing all existing tornado policies to be endorsed to include the hail clause, with the proper charge. Agents should be circularized to that effect.

### Waiving the Charge

Mr. Clark said he has been informed that some companies have circularized agents on this subject, but have advised that if the additional charge is less than 50 cents it may be waived. This advice is improper, he declared, since the 50 cent minimum rule does not apply in connection with the attachment of a hail rider to a tornado policy, nor does it apply in any case where additional liability is assumed. By waiving this charge, the company places itself in violation of its filings and might subject itself to revocation of license.

Mr. Clark reported the directors of the W. I. B. took the position that tornado errors and omissions insurance is a vicious form of coverage and contrary to the fundamental principles of the business. Protest against this form was lodged with J. V. Parker, manager Western Actuarial Bureau. At the same



time protest was made to Mr. Parker against the actuarial bureau promulgating rules and forms before they are approved by the Western Insurance Bureau. Such action was taken, without the approval of the W. I. B., he said, in connection with the errors and omissions clause, three-fourths value clause, and vacancy or unoccupancy clause.

#### Exempting Club Houses

Directors of the W. I. B. have given consideration to the recommendation of the actuarial committee that club houses be exempted from the application of the three-fourths value clause. The directors decided the reasons advanced for exempting club houses are not sound. Mr. Parker undertook to convince the directors that the exemption should be made, but the W. I. B. directors voted to lay the matter on the table.

Approval was given to the recommendation of the subscribers' committee that the tornado rates on retail lumber yards be reduced from 40 cents to 30 cents, except in Ohio, where the present rate of 20 cents is to be retained. The first recommendation was that such tornado rates be reduced from 40 cents to 20 cents in all states. The W. I. B. directors protested such a reduction vigorously.

#### Valued Whisky Form

The W. I. B. directors, he recalled, approved for adoption a recommendation to the subscribers' committee that the valued whisky form be withdrawn and the former whisky form, which limits the coverage to the actual cash value, be reinstated. In connection with the withdrawal of the valued form, recommendation was made to the audit bureaus that they criticize use of a valued profit form.

Mr. Clark recalled in April of this year a mandatory valued whisky form was issued for writing liquors and spirits in storage in the different states. Since then the whisky industry has been going through a period of readjustment. Conditions have been changing almost weekly and speculation on whisky reached a point where green whisky was selling as high as \$225 per barrel. There was no stability to the market. Under those conditions, it was apparent that something had to be done with the present limitations on whisky because the operators were going into the market and securing protection under a valued profit form to cover the difference between the former limit and what they were paying for whisky.

#### Cigarette Claims

Mr. Clark said his action recently in bulletining the members recommending they circularize their agents, soliciting their cooperation to discourage payment of cigarette claims, was taken at the instance of the directors.

Mr. Clark reviewed the change in rules whereby crude petroleum and/or its products located in oil distributing stations exclusively when not written in the same form covering refinery property, field storage tanks or terminal stations, are covered under single state reporting form "B" when a reporting form of contract is to be written. If crude petroleum and/or its products in oil distributing stations is written under the same policy covering property in refinery risks, field storage tanks or terminal stations, the rules governing oil risks-reporting form with premium adjustment are to be used. The change was prompted by the theory that a mandatory form should be available for use by agents. Under the old rule, agents were expected to create their own forms for writing such business, with result that many controversies arose.

The directors of the W. I. B. approved the change with the understanding that the provision in the single state reporting form reading: "The provisional and final adjusted premium shall be not less than \$100 under this policy," be made a part and condition of the form.

Cleveland field men will hold a Hal-lowe'en dinner dance Oct. 28.

## INSURANCE STOCK QUOTATIONS

By H. W. Cornelius, Bacon, Whipple & Co., 135 So. La Salle St., Chicago, at close of business Oct. 23

Stock	Par	Share	Bid	Asked
Aetna Cas. ....	10	1.60	40	43
Aetna Fire.....	10	1.60	31	33
Aetna Life.....	10	...	15	17
Amer. Alliance..	10	1.00	12	14
American N. J..	2.50	.50	7 1/2	8 1/2
Amer. Surety...	25	...	15	17
Automobile, Conn.	10	1.40	15	17
Boston .....	100	16.00	430	450
Carolina .....	10	1.00	13	15
City of N. Y.....	100	7.50	130	135
Conn. General ..	10	.80	26	28
Continental Asur.	10	2.00	25	27
Continental Cas.	5	...	9 1/2	10 1/2
Continental Ins.	2.50	1.20	22	24
Fidel-Phenix...	2.50	1.20	23 1/2	24 1/2
Fireman's Fund.	5	3.00	43	45
Fireman's F. Ind.	10	...	21	25
Firemen's .....	5	...	4 1/4	5
Franklin Fire...	5	1.00	15	17
Glens Falls ....	10	1.60	24	26
Great Amer. Ind.	1	...	7	8
Great American.	5	1.00	14	16
Hanover .....	10	1.60	23	25
Harmonia .....	10	.50	14	15
Hartford Fire...	10	2.00	41	43
Hartford St. B..	10	1.60	45	47
Home, N. Y.....	5	1.00	16 1/2	17 1/2
Home F. & M....	10	2.00	24	28
Ins. Co. of N. A.	10	2.00	36	40
Maryland Cas...	2	...	2 1/2	3
Mass. Bonding...	25	...	11	14
National Cas. ...	10	...	5 1/4	6 1/4
National Fire ..	10	2.00	41	43
National Liberty	2	.10	4 1/2	5
National Union .	20	...	57	62
New Amst. Cas.	5	1.20	11	12
New Brunswick.	10	.50	13	15
North River ...	2.50	.60	14	15
N. W. National...	25	.50	85	90
Occidental .....	10	...	15	18
Pacific Mutual...	10	2.00	24	25
Phoenix, Conn...	10	2.00	56	58
Prov. Wash. ....	10	.80	19	21
Sprgfield, F. & M.	25	4.50	77	79
St. Paul F. & M.	25	6.00	117	120
Sun Life .....	100	...	340	370
Travelers .....	100	16.00	370	380
U. S. Fire.....	4	1.20	27	28
U. S. Fid. & G...	2	...	3 1/2	4
Westchester ....	2.50	1.00	17	18

## Many Favor End of 60-Day Ruling

(CONTINUED FROM PAGE 5)

allowable payable limit be raised to \$1,000, this probably preliminary to a motion to remove the ban altogether. Some companies continue firm in favor of the regulation, while others frankly, would like to see it abrogated.

That enforcement of the rule has contributed to reducing the fire waste of the past six months, is unquestioned. The extent to which this holds, however, is a matter upon which company officials differ widely. Were the rule to be abolished at this time and a sharp increase in the number of fires occurred, it would likely be held to be a case of cause and effect, while as a matter of fact the result more than likely would be due to a change in the weather conditions, the burning ratio always increasing in the late fall and winter months, when fires are set going in residence and mercantile properties and the fire hazard is intensified thereby.

#### Sawyer Dies of Injuries

F. M. Sawyer, Marysville, O., died as a result of automobile injuries sustained some time ago after he was thought to be on the slow road to recovery. He was a brother of Walter A. Sawyer, state agent Fireman's Fund Insurance Co., Cleveland, and in partnership with another brother, Elwood Sawyer, in the Sawyer Insurance Agency of Marysville, which was established nearly a half century ago by their father, Emory F. Sawyer.

#### Shepherd Wins 33rd Degree

J. K. Shepherd of Little Rock, past president of the American Association of Insurance General Agents and a national councillor of the U. S. Chamber of Commerce, will be invested with the 33rd degree of the Scottish Rite Masons.



"Making More Money" is the book agents are reading for their own profit. It tells what an insurance company must do before it can claim complete co-operation with its agents. Then it starts in on you and your problems in a logical, thought-compelling digest of methods which get business. It shows the sure, clear way to increased income. We'd like to place this book in your hands right now. It's free. Just a letter or postal card to our New Business Department. Or send a telegram. And we'll hurry it into the next mail.

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## W. I. B. Cuts Short Semiannual Meet

(CONTINUED FROM PAGE 5)

Fred D. Silber, general counsel, reviewed the Missouri rate litigation in detail, explaining its present status and pointing out the favorable attitude toward the companies' contentions shown in the recent report of the federal court master.

Other business at the meeting included the report of J. V. Parker, manager Western Actuarial Bureau, to the subscribers; the report of the uniform forms committee, which was the same as that submitted at the recent meeting of the Western Underwriters Association, and the report of F. S. Danforth, treasurer.

#### President Rawlings' Address

The credit situation was given first place in President Ralph Rawlings' consideration of present day problems. In his brief address he said that credit situation is always before the companies but additional seriousness has been attached to it in the past three or four years. While companies cooperate in the matter of policy forms, rates, and commissions according to local conditions, no real and sincere cooperation has ever been put into effect in the matter of credit. "We all know that agents who were chronic delinquents 20 years ago, 10 years ago, and today, have little, if any, difficulty in securing company representation," said Mr. Rawlings. He said the companies should appreciate the help of the Insurance Commissioners Convention in cleaning up a situation which is really their own responsibility. Often the agent who delays payment of his balances collects immediately from his assureds and is then permitted the use of money which rightfully belongs to the companies. This is company competition. On the other hand some agents receiving long time credits give the same credits to their assureds. This is unfair to the agent who endeavors to collect properly. Good agents should welcome the drawing of the reins tighter in connection with payment of balances, said Mr. Rawlings.

The question of separation is bobbing up again, often without much sense to it, he declared. The greater extent to which an association enforces regulations and eliminates competition, he said, the more susceptible it becomes to regulation and competition from outside sources.

### Favor Comprehensive Policy

Contract Assuming All Risks Except  
Collision Expected to Be Approved  
Before Long

NEW YORK, Oct. 25.—The suggestion first advanced several months ago, that fire companies writing automobile insurance issue a comprehensive policy that would assume liability for all risks save collision, has gained such favor as to warrant the prediction that its acceptance may be looked for in the near future.

Issuance of such a contract, it is felt, would not only reduce general sales resistance, but would create an added demand for collision indemnity, a division of the business underwriters would like to see popularized, but which thus far has not attained wide favor.

### Action Required in Year

NEW YORK, Oct. 25.—Under decision of the appellate division of the New York supreme court, an action under the standard fire policy must be instituted within 12 months after the day of a fire, to have standing in court.

The Iowa State Fire Prevention Association will inspect West Union Nov. 9.

**CALIFORNIA Earthquakes,  
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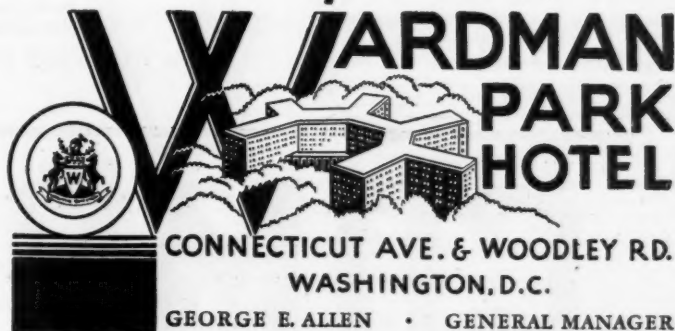
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# The National Underwriter

October 26, 1933

CASUALTY AND SURETY SECTION

Page Thirty-seven

## Surety Men Deny Meet With Lloyds

No Arrangements Made to Confer with Representatives from London on Reinsurance

### OVERTURES MADE IN PAST

Withdrawal from Direct Writing Uncertain—Belief Is That Summary Action Is Called For

NEW YORK, Oct. 25.—Surety officials state that no arrangements have been made for a meeting here this week with Harvey Bowring of C. T. Bowring & Co. and L. J. Taylor of C. E. Heath & Co., both of London, representing important groups of London Lloyds subscribers who were Chicago visitors last week. It was inferred by an insurance paper that these men would perhaps seek a conference here for the purpose of discussing a reinsurance treaty with American surety companies giving them a stipulated amount of premiums each year on bankers' blanket bond coverage in consideration of their withdrawing from direct writing on such business in the United States.

Overtures of this sort have been made several times in the past but have failed. One reason for this was that the English representatives were without proper authority to make such an agreement as they proposed. It looks as though the possibility of effecting some deal whereby handsome brokerage commissions would be earned by these representatives was the sole motivating influence.

#### Large Share of Bank Risks

The position that Messrs. Bowring and Taylor would have in any such conference would be different of course, but surety men dealing with them would want to know at once whether they could speak for other groups than their own. The Bowring & Co. group, with Matthew W. Drysdale as its underwriting head, is one of the largest in Lloyds, having 106 members of the highest standing and financial responsibility. This group is understood to have a very large percentage of the total American bank risks here which are carried by Lloyds. Heath & Co., Willis Faerber & Co., Hartley Cooper & Co., and a number of other groups are also important participants.

Reinsurance negotiations by Lloyds with American surety companies reached an important stage in 1924 and, it is said, an acceptable amount of annual premiums to Lloyds was agreed upon, but at a meeting at the Hotel Pennsylvania in New York in that year American underwriters demanded the deposit in this country of a large sum, said to be \$600,000, for guaranteeing of losses and the conference came to an end as Lloyds representatives declined to agree to this. From time to time since 1924 visitors from Lloyds or brokers repre-

## Bankers Committee Tells About Changes This Year

In submitting its annual report to the executive council of the American Bankers Association at the gathering in Chicago, the insurance committee of the body reviewed the various rate and bond form changes that had been effected by companies the past 12 years, and the attitude assumed by the committee when the changes were the subject of joint conferences.

With respect to the endorsement attached to the A. B. A. standard form of bank burglary and robbery policy, the committee says: "Briefly, the endorsement applies to 23 southern, central and western states, and requires banks in towns of less than 25,000 population and not equipped with tear gas systems or bandit resisting enclosures certificated by the Underwriters Laboratories, to keep under time lock, while the bank is open for business, all cash in excess of 15 percent of the amount of robbery insurance on money." While but two of the five changes suggested by the bankers committee "were given effect in the endorsement, it was adopted by the underwriters without further reference to the committee and became effective July 15."

#### Permitted Rider

The National Bureau of Casualty & Surety Underwriters having maintained that in the opinion of its members an emergency existed which must be met without delay if bank robbery insurance were to be granted in rate territories 3 and 4, the bankers committee though not giving formal approval, permitted the companies to attach the rider to the A. B. A.'s copyrighted form of coverage, reserving however, "the right to demand its detachment at any time."

With respect to fidelity bonds on

bank employees, the report notes that "May 5, 1933, witnessed another substantial increase in rates for this form of indemnity. The new schedule provides for Class A banks (those with at least \$25,000 capital) charges of \$2.50 per \$100 up to \$1,000 of insurance on each employee; \$2 for each additional \$100 to \$2,500, and \$1.50 for each \$100 between \$2,500 and \$5,000. For coverage in excess of \$5,000 on each employee the old rate of \$1 per \$100 is continued in effect. For Class B banks (those with less than \$25,000) the new rates are \$3 per \$100 up to \$1,000 of insurance, \$2.75 for each additional \$100 up to \$2,500, and \$2.50 for each \$100 between \$2,500 and \$5,000. The old rate of \$2 per \$100 is continued for insurance in excess of \$5,000 on each employee. This means Class A banks must pay a premium increase of \$42.50 and Class B banks an increase of \$33.75 on each employee bonded for \$5,000 or more.

#### Heavy Underwriting Loss

"Since we cannot refute the experience statistics compiled by the underwriters rating bureaus," the committee holds, "we must regard these increases as being justified by losses incurred, with the exception of the robbery rate increase in Territory 1. Out of approximately \$11,863,000 in premiums received from Class A banks during the past six years the sureties have paid banks approximately \$8,789,000 or 74.1 percent in claims. During the same period Class B banks showed a loss ratio of 77.4 percent on paid premiums of \$2,000,000. As surety companies require about 50 percent of the premium income to cover taxes, acquisition costs, overhead expenses, etc., their net underwriting loss on bank fidelity bonds has averaged about 25 percent for the past six years."

## Milwaukee Airport Will Require Plane Coverage

MILWAUKEE, Oct. 25.—Aviation insurance will be required of all commercial operators at the Milwaukee county airport under a resolution adopted by the committee of the county board of supervisors in charge of the field. The county corporation counsel has been instructed to draft an amendment to all airport leases making it obligatory to have insurance protection on all commercial flying originating there. The matter came to a head when supervisors learned that a trimotored ship flying as many as 12 passengers at a time had no liability coverage whatsoever and that many other companies using the air port had dispensed with insurance, affording no protection to passengers in case of an accident.

(CONTINUED ON LAST PAGE)

## Attorney General Rules on Lloyds

Finds Illinois Law Requires Guaranty Fund Deposit in State

### LEGAL OPINION GIVEN

Those Behind Agitation Say \$250,000 Deposit, as Demanded by Palmer, Is Not Sufficient

Demand on the part of Insurance Director Palmer of Illinois that Underwriters at Lloyds, London, make a deposit of a \$250,000 guaranty fund by Nov. 1 or have their license withdrawn in Illinois was prompted by agitation started some months ago by the Surety Association of Chicago.

Believing that London Lloyds was not complying with the Illinois laws, the Surety Association employed the law firm of White & Hawxhurst of Chicago to give an opinion. That firm reported its conclusions to Mr. Palmer. They stated that Lloyds have not complied with the Illinois statutes (Chapter 73, Sections 548-562, Cahill's Revised Statutes) either in letter or in spirit. It is clearly evident, according to this opinion, that the intention and meaning of the act was to require a deposit in Illinois to enable creditors who might recover the judgment in Illinois to be enabled to satisfy the same in that state without recourse to litigation in England.

#### Statute Is Ambiguous

The statute itself, however, is ambiguous, according to White & Hawxhurst, in that it does not expressly require the deposit made with a "responsible bank or trust company" in Illinois. However, it is the clear intention of the act that the deposit be made in Illinois, even though the wording of the act might be differently construed.

"Furthermore," the opinion states, "Lloyds, according to their affidavit, have not made any deposit anywhere with a 'responsible bank or trust company,' but have made their deposit with the Board of Trade, London. The act provides: 'No exchange or withdrawal of securities on deposit shall be made without the approval of the director of trade and commerce.' It is clearly evident from this that the spirit of act and the intent of the act is to have a deposit made in Illinois as the director of trade and commerce would have no knowledge of and could exercise no supervision over an exchange or withdrawal of securities abroad."

White & Hawxhurst's opinion cites an affidavit by Attorney John S. Lord of Chicago, sole attorney-in-fact for London Lloyds in Illinois. This affidavit was made Jan. 12, 1932, under the Illinois laws relating to Lloyds. The White & Hawxhurst opinion contends the affi-

(CONTINUED ON LAST PAGE)

## Insurance Engineers Take Prominent Part in Program

WELCOME ADDRESS BY BEHA

Annual Meeting of National Board of Boiler & Pressure Vessel Inspectors Held

Insurance engineers played a prominent part in the program of the annual meeting of the National Board of Boiler & Pressure Vessel Inspectors in New York. Members who are the chief boiler inspectors of states and large cities had been called together for the first time since 1931 because the revival of business has brought their problems to the fore. In addition to these officials, others in attendance at the meeting were representatives of insurance companies dealing in boiler and pressure vessel coverages, representatives of boiler manufacturers and research laboratories.

The papers and discussions were almost entirely technical except for a welcoming address by James A. Beha, general manager National Bureau of Casualty & Surety Underwriters; Dr. D. S. Jacobus, vice-chairman of the A.S.M.E. boiler code committee, and Lowell Thomas, news broadcaster, who is a nephew of C. D. Thomas, chief boiler inspector of Salem, Ore., retiring chairman of the board.

### Insurance Men on Program

Among the insurance men who either read papers or commented on them were V. W. Knapp, London Guarantee & Accident; W. Ferguson, Travelers Indemnity; D. L. Royer, chief engineer Ocean Accident & Guarantee; J. P. Morrison, Hartford Steam Boiler; J. D. Noonan, Employers Liability; W. Brennan, Fidelity & Casualty; G. D. Bragdon, General Accident; R. Milligan, Ocean Accident & Guarantee; R. C. Stratton, Travelers Indemnity; W. D. Halsey, Hartford Steam Boiler; J. G. Wheatley, Royal Indemnity; E. R. Fish, Hartford Steam Boiler, and A. L. Loppin, Fidelity & Casualty.

W. H. Furman, chief boiler inspector of the department of labor, New York, was elected chairman; F. A. Page, supervising engineer of California, vice-chairman; C. O. Myers, chief of Ohio boiler inspection, secretary-treasurer, and L. C. Peal statistician.

### Bowen Air Lines Anniversary

Oct. 1 marked a red letter day in the annals of the Bowen Air Lines when the personnel of the organization celebrated its third anniversary. During this period of time more than 3,000,000 miles have been flown and more than 35,000 passengers have been carried.

In the two months since the adoption of the NRA code, a close check has been kept on traffic and reports show that passenger travel on the line has made an increase of 18 percent.

During the past year many notables have been transported over the line between Tulsa, Oklahoma City, Dallas, Fort Worth, Houston, Austin and San Antonio. Connections are made with other air lines to reach any part of the country.

Thomas K. Joy, the casualty adjuster, returning to Los Angeles, stopped over in Chicago one day last week meeting old friends among the casualty people. He has been in the east for several weeks in connection with his work as special independent investigator. Mr. Joy was formerly with the Standard Accident and General Accident in Detroit and removed to California three years ago. He is well known among casualty men in San Francisco, Fresno and Los Angeles. His office in Los Angeles is 3921 Fountain avenue.

## Manager Stone in Observations on Casualty Topics

E. C. Stone, United States manager of the Employers Liability and president of the Employers Fire and American Employers, was the guest of honor at a dinner Monday night in Cincinnati given by Thomas E. Hanlon, general agent of the Employers group. Mr. Stone talked on the "Call to Arms" which the Employers group is now carrying on among its agency force. He stressed the fact that an insurance company nowadays in order to survive and continue its operations profitably and to the best interest of all concerned must have not volume, but quality business. He said that the underwriter can usually tell in a broad sense which lines will be profitable to the company but that the company must depend largely upon its agents for local selection. He urged the agents to avoid sending "hot" risks for the sake of the few dollars commission which can be made out of the premium, calling attention to the fact that all of the companies which have gone out of business in the past few years have been operating at an underwriting loss for many years prior to their collapse. Underwriting profit is most essential to the successful companies because in these days they cannot make the profit in the investment end that they did several years ago.

Mr. Hanlon handles southern Ohio, Kentucky, Tennessee and West Virginia. About 75 agents in the Employers group in the territory attended the meeting.

Mr. Stone, who is accompanied by his two lovely daughters, stopped in Indianapolis Saturday for a few hours and is now on his way back to Boston, stopping off in Detroit to address a meeting there.

## Director Palmer and Lloyds Representatives Meet Oct. 27

The status of London Lloyds in Illinois remained in the balance this week, following the demand made by Director of Insurance Palmer of Illinois that the underwriters at Lloyds deposit \$250,000 in acceptable securities and file a certificate of compliance by Nov. 1, or have their license withdrawn. Two representatives of the underwriters were in Chicago this week to confer with Mr. Palmer, but the conference was postponed due to the necessity of his devoting all of his time to affairs rising from failure a few days ago of the National Life, U. S. A., of Chicago.

An appointment for the conference with Leonard Taylor, director of C. E. Heath & Co., and Harvey Bowring of C. T. Bowring & Co., both of London, was made for Oct. 27. Preliminary to this conference, some dozen brokers representing London Lloyds, including some of the larger general agents in Chicago, met with J. S. Lord, Illinois attorney-in-fact for Lloyds, to debate the situation.

### Middle States Casualty Chartered

The secretary of state of Oklahoma has granted a charter to the Middle States Casualty of Oklahoma City, capitalized at \$100,000. The incorporators are J. N. Parsons, John J. Sloan of Oklahoma City and J. R. Newkumet of Norman. This is the company that succeeds to the Midwest Indemnity that was proposed by the late W. L. Taylor.

### Veterans Guests of Officers

Sixteen employees of the Royal Indemnity who had been in its service for 20 years or more, were entertained by the executives at luncheon Monday.

## RFC to Buy Preferred Stock in Two Companies

DETAILS TO BE WORKED OUT

Maryland Casualty Receives Advance of \$7,500,000 and Standard Accident Gets \$3,375,000

Under the act authorizing the Reconstruction Finance Corporation to subscribe to preferred stock of insurance companies, that agency has agreed to advance to the Maryland Casualty \$7,500,000 and to the Standard Accident \$3,375,000.

The loans to these companies to purchase the preferred stock are to be made "on terms, conditions and with security to be approved by the RFC." Difficulty is not anticipated in working out the details. The furnishing of this additional capital is reported to have the personal approval of President Roosevelt and Secretary of the Treasury Woodin.

### President Burns' Statement

F. Highlands Burns, president Maryland Casualty, in a formal statement declared the transaction is the culmination of plans for strengthening the capital structure of the company in connection with its general business and for the purpose of strengthening the company's mortgage bond refunding plan.

The stock subscription will be completed, he said, upon formal authorization of the stockholders and upon the deposit of mortgage bonds under the refunding plan in an amount sufficient to enable the various interested mortgage companies to put the plan into operation. More than 65 percent of the bonds now available for deposit under the refunding plan have already been deposited and substantial additional deposits are being made each day, according to Mr. Burns. The \$7,500,000 contribution is in addition to the amount which the R.F.C. has already agreed to advance to the interested mortgage companies to enable them to make part payment in cash to depositing bondholders under the cash option of the refunding plan.

### Standard Accident Statement

Charles C. Bowen, vice-president and secretary of the Standard Accident, issued this statement:

"It is well known that private capital is not obtainable in these times for financing purposes, and accordingly the Standard made prompt application for the financing of a new issue of its preferred stock. After two complete examinations of the company by the R. F. C. it was decided by the officials in Washington that the Standard's condition, together with additional security put up by individuals, justifies an investment of \$3,375,000.

"The financing does not involve a loan to the Standard. Under the plan to be followed, an underwriting group, consisting of certain officers, directors and stockholders, is being formed. This group will subscribe to the new issue of preferred stock at a sale price of \$3,375,000 divided as to capital and surplus (the division has not yet been announced). Using this stock as part collateral and adding the group's private assets in a substantial sum as additional collateral, the group will then borrow from the R. F. C. the money needed to pay the Standard for the stock subscribed for. Thus it is seen that the new money for the Standard represents new capital funds and will appear in its statement as such. As more normal business conditions return, it is the Standard's intention to retire the preferred stock from earnings and from the sale of common stock.

"The result of these negotiations is the establishment of the Standard in a strong financial position. This is shown

## Surety Companies Refusing Cash Shipments by Airplane

LARGE AMOUNTS INVOLVED

Underwriters Reach Amicable Agreement with Federal Reserve Officials Over Expediency of Rule

NEW YORK, Oct. 25.—Officials of the federal reserve bank governing board have been in conference with members of the bank committee of the Surety Association of America in reference to a circular of the latter body sent to members requiring them to cease covering cash shipments by airplane in custody of bank messenger. An amicable session was held and the federal reserve officials are reported to have agreed with the surety men as to the expediency of this order.

### Great Hazard Exists

Particularly with federal reserve banks, but often with other banks, when exigencies have required the instant transmission of currency from large centers to banks, the amounts so involved have been very large indeed, and subject to loss by fire which is covered by the word "destruction" in the surety blanket bond. No losses of any great consequence have occurred to the knowledge of Secretary R. R. Gilkey of the Surety Association, but he says good underwriting demands that the possibility of these be not ignored.

### Thrown on the Street

In consequence of the decision of the surety companies to decline future business of this sort, it will naturally go to marine and fire companies, though the latter are expected to use much caution in acceptances. The marine companies, it is said, have already had much of this business and at a rate higher than accepted by others. One underwriter, speaking of this class of risk, said, "A bank in a small town without a landing field is sent perhaps a very large amount of cash in a specially hired airplane and it is necessary to set down the plane in a hay field or any old place. A crash generally means a fire and consequent 'destruction' of the currency we have covered, in many instances for surprisingly large amounts not ascertained until after shipment is completed. We are certainly better off without such business."

### Clark Named Receiver

Commissioner E. W. Clark of Iowa was named receiver for the Professional Insurance Corp. of Des Moines, a mutual writing physicians' and druggists' liability covers.

### To Act in California

Insurance Commissioner E. Forrest Mitchell has filed a petition in superior court for appointment as California receiver for the General Indemnity Corporation, taken over by the New York department last August.

by taking our statement as of Sept. 30, 1933, and giving effect to the new money, when the surplus to policyholders (combined capital and surplus) would have been \$4,835,000 on the basis of security value approved by insurance commissioners. If on Sept. 30 the company had established a contingency reserve sufficient to bring security values down to market for all securities except bonds in good standing, which are amortized, the surplus to policyholders would have been \$3,067,000."

Claimants against the defunct Atlas Insurance Underwriters, Owosso, Mich., reciprocal are to be asked by the receiver whether they wish to submit to an assessment, along with the rest of the membership, in order to satisfy their claims.



## Another Raid by Lloyds Charged

American Companies Lose Large Chain Bank Risk Due to Much Lower Bid

### HOPE FOR RESTRICTIONS

Committee of Surety Association of America Considers Competition in Blanket Bond Field

NEW YORK, Oct. 25.—At a meeting of the bank blanket bond coverage committee of the Surety Association of America the announcement was made that American insurance interests had again been "raided" in an important way by London Lloyds. This term was used in connection with the renewal by Lloyds of its bond covering the 70 branches of the Marine Midland Bank of Buffalo, N. Y.

This line was held, up to October, 1932, by the Globe Indemnity and Fidelity & Casualty with a premium of \$130,000. Then Lloyds obtained the line with a bid of \$90,000. When the line expired Oct. 15, strenuous efforts were made to regain the business. Owing to decreased exposure to loss, the Towner bureau rate was reduced to \$120,000 which was not, however, satisfactory to the bank. Underwriters were told that if the rate were made \$110,000 they would be given the business but a further reduction of rate was impossible.

#### Lloyd's Bid Is \$100,000

Lloyds gained the business for a \$100,000 bid or \$10,000 more than its 1932 figure. The bank is deemed one of the best chain risks in the country and has had a low loss ratio but any merit rating plan to reduce its rate was impossible.

The Northwestern Bank of Minneapolis line was lost to Lloyds in about the same way not long ago but the regret among surety men was not so great. This chain bank is in the "holdup section" and its record of losses includes a reported million dollar robbery. The Towner bureau rate was \$130,000 but the loss record of the bank necessitated a surcharge of 100 percent, making the rate \$260,000. Confronted with this advance and offered a \$130,000 rate by Lloyds, this bid was accepted. Underwriters are of the opinion that Lloyds will be "burnt up" on this line and frankly express their gratification over its going off their books.

#### Pressing for Some Action

The Marine Midland matter is likely to be a formidable count in the indictment against Lloyds which surety underwriters are preparing, and whether this is true or not it will certainly still further arouse the sentiment which has developed, and taken definite shape, that measures designed to restrict or end Lloyds' rate cutting methods in blanket bond coverages should be taken without further delay.

#### TAKES EXCEPTION TO PROPOSAL

SIoux FALLS, S. D., Oct. 25.—J. E. Bailey, of the law firm of Bailey & Voorhees and vice-president and general counsel Queen City Fire, has addressed a vigorous protest to F. R. Strain, chairman state banking commission, against a proposition made on behalf of London Lloyds through the Chas. W. Sexton Company of Minneapolis for writing blanket bonds on various banks in this state. Mr. Bailey

(CONTINUED ON PAGE 45)

## Cleveland Accident-Health Congress Breaks Records

### ALL-STAR PROGRAM OFFERED

Attendance of 800 Record, With Good Delegations on Hand from Many Other Cities in Ohio

CLEVELAND, Oct. 25.—All records for accident and health insurance gatherings were smashed at the sales congress conducted by the Cleveland Accident & Health Club. A registration fee of 50 cents was charged to defray the actual expenses of the conference and there were nearly 700 registrations, with a total attendance at the two sessions of close to 800. Good sized delegations attended from Pittsburgh, Toledo, Akron, Youngstown and Canton, in addition to the Cleveland contingent. The Continental Casualty alone had 125 men in attendance, winning out in a friendly contest with the Aetna Life, which had 100. However, the northern Ohio convention of Continental managers and agents gave that company an advantage. Incidentally, the membership of the Cleveland club was practically doubled as a result of the conference.

#### All-Star Program Presented

The all-star program presented was no less of a record breaker than the attendance, featuring such headliners as W. B. Watkins of Cleveland, perennial leading producer of accident insurance for the Travelers, who probably has written more accident business than any other man in the country; W. G. Wilson, Cleveland manager of the Aetna Life, long nationally prominent in casualty circles; E. H. Mueller, Milwaukee general agent Pacific Mutual and former president of the National Association of Accident & Health Managers; C. W. Elton and Lon C. Jeffrey of Pittsburgh and A. M. Holtzman, director of field service Continental Casualty. The keynote of the congress was "Protect the foundation—earning power."

H. A. Cunningham, Aetna Life, president of the Cleveland club, opened the afternoon session, Mayor R. T. Miller of Cleveland giving the address of welcome. He said he recognized the value of accident and health insurance and carried such protection himself. He urged support for the NRA.

#### "Don't Think You're Licked"

Mr. Watkins was the first regular speaker on "How I Sell Accident & Health Insurance." He said that the three points vital to the agent writing accident insurance are: (1) The will to do, (2) belief in the policies he sells, and (3) self-confidence, which is the most important of all. One of his slogans is, "You're never licked unless you think you're licked." Mr. Watkins told his famous "pendulum story," which has been widely publicized by the Travelers and used by its agents all over the country.

Mr. Mueller, speaking on "Profit in a Renewal Account," told of the possibilities along that line for the accident and health salesman, making a graphic

(CONTINUED ON PAGE 45)

## Cleveland Mayor Issues Unusual Proclamation

Owing to the fact that the Cleveland Accident & Health Insurance Club of Cleveland held a sales congress last Friday, Mayor R. T. Miller of that city designated Oct. 20 as "Accident & Health Insurance Day" for that community. This is rather a unique attitude to take.

## Exhibit of National Surety to Go on Road

The million dollar display of forged and altered checks by the National Surety, which was one of the highlights of the convention of the National Association of Insurance Agents in Chicago, is being made available by the company for exhibit in other cities and towns. The plan is to have the exhibit tied in with the National Surety agent when it is set up in a city. The exhibit was originated by C. Carroll Spear, manager at Chicago for that company. Mr. Spear, in addition to being an enthusiastic salesman, is clever at layout work and at drawing. The idea of the exhibit not only originated with him but he executed it.

At the Chicago convention, the plan was to keep the exhibit open only three days, Monday, Tuesday and Wednesday, but because of the large number of people who visited it, decision was reached to keep it open two additional days. Not only did the exhibit prove interesting to the agents, but many of the larger business houses in Chicago sent those of their employees who have anything to do with the handling of checks to see it. The Chicago banks sent employees over in groups of five or six at a time.

#### Lectures Are Given

The National Surety maintained six men on duty from 10 in the morning until 10 at night. All the visitors were taken through the exhibit, a lecture being given which lasted about half an hour. Checks shown were actual losses paid by the National Surety and taken from its claim file. Checks ranging from 18 cents to \$76,500 were shown. Various methods used by criminals causing these losses were explained. A check is shown raised from \$48.58 to \$26,148.58 and certified for the increased amount. In an adjoining room was a machine which only a few were permitted to see. This instrument, operated electrically, can be made to reproduce any signature in short order. It was seized when a famous criminal was arrested and was used as evidence against him in the trial.

When the exhibit is sent out to a town, the plan is to set it up in a leading hotel and send invitations and admission cards in advance to all prospective clients. The National Surety plans to enlarge the exhibit to include a display not only on forgery bonds, but on residence burglary, bank burglary, plate glass, fidelity bonds and blanket bonds.

## Glass Losses in Birmingham

BIRMINGHAM, ALA., Oct. 25.—Racketeers are blamed for a number of recent plate glass losses in Birmingham. The matter has been called to the attention of the Birmingham Association of Insurance Agents and officers investigating found union difficulties among sign painters as probably behind the losses. Windows in leading downtown stores have been smashed, some by bullets and others by bricks.

## Randall Secures Judgment

C. M. Randall of Chicago, former manager of the Consolidated Indemnity in that city for its western department, secured judgment in the superior court of that city last week for \$7,693.93 for breach of contract. Mr. Randall sued for \$7,500 damages. The Consolidated Indemnity took up its branch office in Chicago and Mr. Randall in his suit claimed that he had a time contract which was not fulfilled. He secured the full amount plus interest.

A third dividend of 25 percent has been authorized to claimants against the defunct Interstate Inter-Insurance of Milwaukee. Commissioner Mortensen will distribute \$37,000.

## Accident People Scanning Claims

Companies See Some Lessons They Can Learn From Loss Files

### HOME INJURIES NUMEROUS

Most Offices Have Not Revised Their Premium Charges on Old and New Policies

NEW YORK, Oct. 25.—Checking up their loss experience, accident company officials find that an unusually large number of claims have been coming in during recent months from the older age assureds, notably men approaching or slightly passed the 60-year mark. While a high percentage of these was caused by automobile accidents, far the larger number was the result of happenings in or about the homes. Men by virtue of the depression have more time to spend at the house and take advantage of the fact to do some tinkering—work that previously was delegated to capable mechanics, supplied with both the knowledge and equipment to perform the varied tasks acceptably.

#### Small Jobs About the House

As an economy measure the householder has undertaken to do many of these small jobs himself, the net result being that in many instances accidents, sometimes serious, occur and claim for indemnity is made under accident policies. They are perfectly legitimate, as a rule, and are promptly paid by the companies.

In the aggregate these claims have reached the point that compels underwriters to study critically all of the older age risks upon their books, as well as applications on new business, and to call for special reports as to the character and financial status of seekers for indemnity in cases where the slightest doubt as to the desirability of the applicant exists.

#### Rate Revision Being Made

Another notable move in the conduct of the personal accident business is the increased charge now imposed by the great majority of the companies on renewals as well as new offerings. Some of the foremost offices made the rate advance applicable to both new and renewal business early in the year, while others adopted the policy at varying subsequent periods. The reason for the move is the wholly understandable one of excessive losses. The figures now charged, it is anticipated will take care of the present claim ratio, unless it continues to mount, in which case a further upward rate revision will be required.

## New Company Sues for License

LINCOLN, NEB., Oct. 25.—Refusal of the Nebraska insurance department to grant a charter to the North Central Fidelity, formed at Omaha to write bonds on the assessment plan has been followed by the filing of a suit here to compel favorable action. The incorporators are L. F. Welch, E. J. Dugan, Ed S. Hickey, Henry Meissner, Ray McGrath, Harry Welch, J. P. O'Brien and J. J. Conley. They claim that having fulfilled all the requirements of the law and the department is without authority to refuse a charter.

The Madison of Indiana has been licensed in Ohio. J. H. Elgin, Columbus, is state agent.

## WORKMEN'S COMPENSATION

### Interstate Mining Involved

#### Compensation Coverage on Utah Miners Working Underground in Nevada Provokes Interesting Question

SALT LAKE CITY, Oct. 25.—When a mining company, in search of gold, drifts underground from Utah into Nevada, must it carry compensation insurance on its workmen under the Nevada law, since the workmen will be part of the time in that state? Or must it carry insurance in accordance with the terms of the Utah law, inasmuch as the men can enter and leave the workings only through the state of Utah?

This question was put to the members of the Utah industrial commission by the Superior Gold Mines, Inc., which announced that it intended to do some cross-cutting which will carry its operations into Nevada.

The Utah commission has written to the Nevada industrial commission asking for suggestions of this knotty prob-

lem. Nevada has an exclusive state insurance fund which requires that all compensation insurance in Nevada be taken out there. On the other hand, the Utah law provides for extra-territorial coverage. The miners' present insurance, therefore, will protect them in Nevada, if the Nevada law will permit such insurance.

### First Hearing in New Jersey

#### Irregularities and Fee Splitting by Lawyers and Doctors Charged in Commission's Investigation

NEWARK, Oct. 25.—Charges of irregularity and fee splitting by lawyers and doctors in handling compensation claims were made by Emmet Crozier, local newspaperman, at the first hearing here by the commission investigating the compensation situation in New Jersey.

W. A. Schaefer, president of the Casualty Underwriters Association of New Jersey, told of the large increase in

minor cases such as sprains, hernia and others which in his opinion had been due to the suggestions of doctors and lawyers. Byron Conklin, O'Gorman & Young agency, Newark, stated that the New Jersey compensation act was sound in every respect, but the present administration needed a change. He also stated that the awards have been far in excess of what they should be and that a small group of doctors were preying upon petitioners in the bureau.

E. C. Graff, Newark manager of the General Accident, stated that the stock companies writing workmen's compensation coverage, do not make a profit. Mr. Graff suggested that a board of doctors be established which would eliminate the present "ambulance-chasing" menace which now prevails through the entire state.

#### Recommends State Doctor

Charles Silver, chairman of the Essex County Bar Association, recommended that a state doctor be appointed and counsel fees be limited and that those making stenographic reports of the various cases be limited to their charges for copies of such cases. He also told the commission that there should be a fee of \$3 for filing a petition, which in his opinion would reduce the number of claims, particularly fake ones.

J. C. Paul, a practicing attorney in

the bureau, said the compensation act had been shot to pieces by the various decisions of the New Jersey high courts and in the light of such decisions the entire act should be rewritten. He also suggested that the labor department be divorced from the workmen's compensation bureau.

A. R. Lawrence, manager of the compensation rating and inspection bureau, reviewed the work of the bureau. A. S. Jones, an auditor, suggested that a clearing house be established to keep records of all policies written on workmen's compensation coverage.

### North Dakota Fund "in Red"

BISMARCK, N. D., Oct. 25.—An underwriting loss for the North Dakota workmen's compensation fund this year, which means that actual compensation payments will exceed premium income, became practically certain, Manager R. E. Wenzel said, when the collections in September dropped below those of February and August for the first time.

The underwriting loss, not including reserves or administration expense, has, however, been reduced to around \$36,000 and it will probably not exceed \$50,000 for the year, Mr. Wenzel estimated.

## Casualty Field Changes

### Pogge & Kelly Appointed General Agents in Chicago

Pogge & Kelly, class 1 agency in Chicago, has been appointed Cook county general agent for the Standard Surety & Casualty of New York. The office has been operating for seven years. It represents the Potomac, Great American, Michigan F & M., and Homeland as agents and is general agent for the Trinity-Universal in Cook county. The partners are J. F. Kelly and R. C. Pogge, both of whom have had over 20 years' insurance experience in Chicago.

C. F. Pogge, father of R. C. and formerly member of Kuhns & Pogge, is associated with the office. R. C. Pogge, throughout his experience, has specialized in burglary and plate glass. Mr. Kelly came up through the ranks in the fire insurance business.

### Spencer Resigns, Close Branch

E. J. Spencer has resigned as resident vice-president in charge of the Chicago branch of the Associated Indemnity and Associated Fire & Marine, in view of the fact that those companies have decided to operate in Chicago on an exclusively general agency basis and discontinue the branch. Mr. Spencer has been connected with the Associated Indemnity about six months. He has been in the business many years, having been connected with the Royal Indemnity, Fidelity & Casualty and Johnson & Higgins.

### Louisville Office Closed

The Massachusetts Bonding has closed its Kentucky branch office at Louisville, and withdrawn except from the Gibson & Weiner agency in Louisville. S. C. Harlow, a former branch manager at Louisville, has gone with the National Surety as associate manager under George D. Heaton, Louisville branch manager.

### Opens New Branch Office

The Central Mutual of Chicago writing automobile insurance, has established a branch office at 1274 Starks building, Louisville, in charge of W. Dietzmann, manager.

Duane T. Stover, president Kansas Association of Insurance Agents, spoke at the luncheon meeting of the Central Kansas Field Men's Club this week.

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## FIDELITY AND SURETY NEWS

### Forgery Bonds Popularized

**United States Guarantee Develops Service to Producers Under Direction of Manager Perkins**

NEW YORK, Oct. 25.—An experiment several years ago, the forgery bond cover has taken an important place in suretyship today. Demand for this coverage is steadily increasing, brokers and agents being alert to its possibilities. While the amount of loss suffered by financial and general business houses through the operation of expert crooks forging checks, signatures and endorsements is not known even approximately, there is no question but that it amounts to hundreds of thousands of dollars annually, possibly even millions. Skilled craftsmen devote their attention to forging commercial paper rather than currency, thereby avoiding the danger of federal prosecution.

Following the recent appointment of O. J. Perkins as manager of the forgery bond department of the United States Guarantee of this city, the call for the protection has been greatly stimulated. Mr. Perkins is known as a man familiar with this division of suretyship, in the sale of which he had been markedly successful. While with the National Surety, first in the west, as vice-president and regional manager for eight states with headquarters at Chicago, from 1922 to 1929, he did much to popularize the line throughout the central west. Later he was called to the home office here and given charge of the forgery department for the entire country.

Under its present plan of service, salesmen will be engaged by the United States Guarantee to assist brokers and agents in selling the forgery line.

### Appeal Before Highest Court

**Two Companies Contest Validity of Mississippi Law Affecting Construction Bonds**

JACKSON, MISS., Oct. 25.—The appeal of the Hartford Accident and Aetna Casualty challenging validity of the Mississippi statute making bondsmen on construction contracts liable for material and labor furnished, has been presented to the U. S. Supreme Court.

The question arose out of construction of a hotel in Natchez. The companies insisted their liability had been restricted to guarantee the contractor would faithfully perform the building contract, and that the bond had been drawn so as to relieve them from liability for payment for material and labor furnished.

The Mississippi courts ruled that under an act of 1918, surety bonds guaranteed payment for labor and materials furnished under the contract however drawn, and regardless of whether the parties to the bond purposely drew it to escape such obligation. The surety companies contended such a law was unconstitutional, depriving them of the right of private contract.

### Approve Liquor Bond Rates

RICHMOND, VA., Oct. 25.—Rates and rules for beer and wine beverage bonds, submitted by the Towner Rating Bureau of New York, have been approved by the Virginia state corporation commission.

### Increase in Contract Bonds

NEW YORK, Oct. 25.—Surety companies report an increase in contract bond offerings of late, largely the result of construction awards for public work of various types by the federal government and awards for road construction

in several of the southern states, where weather conditions permit work of this character being undertaken at this season.

### Personal Bonds in Utah

SALT LAKE CITY, Oct. 25.—The recent special session of the Utah state legislature passed a law allowing public officials holding elective offices to give a personal bond in place of a surety

bond, should they wish to do so. The new law is an outgrowth of the inability of C. A. Stain, who was elected state treasurer last November, to take office because he was unable to get a surety company to bond him.

### Conference Reelects Zimmerman

LOS ANGELES, Oct. 25.—A. I. Zimmerman, manager American Surety, was unanimously reelected president of the Southern California Fidelity & Surety Acquisition Cost Conference. Other officers elected were: J. W. Johnson, Aetna Casualty, vice-president, and

H. S. Vreeland, Associated Indemnity, secretary-treasurer. Executive committeemen are: D. M. Ladd, Fidelity & Deposit; R. O. Wilson, National Surety; H. C. Gillespie, U. S. Fidelity & Guaranty, and D. W. Coakley, Royal-Globe group.

A resolution was passed increasing commission to local agents in southern California on mercantile blanket bonds from 10 to 15 percent.

The Preferred Automobile has moved its home offices into larger quarters in the Michigan Trust building, Grand Rapids.



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**Public  
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AND INSURANCE  
CORPORATION**

KANSAS CITY,

MISSOURI

DENNIS HUDSON, President

## Fidelity Is Good Depression Line

(CONTINUED FROM PAGE 19)

fairly large turn-over in help. Under this form, the positions, instead of named individuals, are covered, and the changes in the occupants of the positions covered are automatically cared for without the bother of change notices. This form is freely written for concerns with a good loss experience and a sufficient number of inside, less hazardous positions.

In cases where a firm wishes to cover a sizeable number of both inside and outside positions, a position schedule bond frequently will be written to cover the inside positions only, while a separate name schedule will be written to cover the more hazardous outside risks. Even in a position form of bond we think it essential that all persons occupying the positions covered complete and sign applications. I might add that the premium rate on the position form of bond is the same as that for the name schedule bond, except for certain classifications which take a 100 percent increase.

The original form of fidelity coverage was the individual fidelity bond. Then

came the name schedule bond to take care of the employer who had a larger number of employees to bond. This was followed by the position form.

However, each of these forms had loopholes which left the employer unprotected. For instance, an employer might say, "I'll bond only certain employees who might default," or "I'll cover Jones for only \$5,000 because he can't possibly get away with more," or "I'll not bond Jones at all because he is an old and trusted employee and would resent my taking out a bond on him after all these years." Then one morning he'd wake up to the fact that Jones had been dipping into the till for years and that, although he had been paying for fidelity coverage on other employees, he was out of luck as far as Jones' defalcation was concerned.

### Blanket Form Devised

Another loophole in the three forms of coverage mentioned is a loss occasioned by two or more employees, which loss can't be fastened onto any individuals and, of course, prevents the employers from collecting under their bonds.

Situations such as these brought about the adoption of new forms known as the commercial blanket bond and the blanket position bond.

The commercial blanket bond gives to

commercial houses and manufacturing concerns what bankers have been privileged to buy for many years—blanket protection on all employees.

Under this form of bond the assured purchases a stated amount of protection which is automatically extended to each individual in his employ. There is, therefore, no possibility of the assured neglecting to cover any of his employees and, furthermore, the responsibility of determining what amount of coverage should apply to each employee is abolished. While each individual is covered for the full amount of the bond, the maximum recovery under this bond, should two or more persons steal in excess of the amount of the bond, is its single penalty. I want to add here that the minimum amount for which this form of bond can be written is \$10,000, covering up to ten employees, with a basic premium of \$150.

### Highly Popular Form

A more popular form and one more frequently written on commercial risks, in this territory at least, is the blanket position bond. This form, which was put on the market after the commercial blanket bond, is in many respects superior to any other fidelity protection available and, due to its reasonable cost and smaller required bond penalties, has become very popular. It may be writ-

ten in amounts as low as \$2,500 and in multiples thereof up to \$20,000.

As its name implies, this bond provides blanket coverage on every position in the insured concern for the full penalty of the bond. Regardless of the number of persons causing a loss to the employer, or whether acting in collusion or singularly, every person is covered separately for the amount of the bond, so that it is really a very preferred form of position schedule bond.

### Favorable to Employer

A loss caused by an individual does not reduce the bond penalty and no restoration premium is charged, as there is no reduction of the coverage by a loss.

Group losses, where the employer can prove the loss to be due to one or more employees in a group, all of whom are covered, but cannot prove the specific person or persons causing the loss, are covered, but for the penalty of the bond only. Additional person employed during the term of the bond are automatically covered without any additional premium. The cost of this form of coverage compares very favorably with that of the older forms of schedule bonds and if you now have on your books any schedule bonds, it will pay you to look into the blanket position bond before next renewal date.

### Renewals Are Simple

This, briefly, covers the field of fidelity bonds on salaried employees with the exception of the specifically rated classes which I need not mention here. The business is easy to handle—much easier for instance than casualty or fire insurance, which usually requires a new contract each year. Fidelity bonds are continuous in form like a life insurance policy, and all you have to do at renewal date is collect the premium. Once you get a fidelity bond on your books it usually sticks, and frequently leads to other bond business. If you haven't heretofore cultivated this desirable line, I would suggest that you look into its possibilities when you get back home and I am sure you will find, like many other agents have, that it is a very desirable line of business on which to build your agency volume.

### Handy Appraisal Book

Insurance men are interested in a new handy table for determination of sound value of buildings for property damage insurance gotten out by H. R. Markel, engineer for the Earls-Blain agency of Cincinnati. This is a quick method by which local agents, adjusters, etc. can fix the insurable values of the different types of buildings built as far back as 1900, or 33 years ago. The table shows the relative cost for each year since 1900 and the cost of the same building if built today, less depreciation, based on the average of the United States. While costs in different cities or sections of the country may vary, the percentage of increase or decrease throughout the years is approximately the same everywhere, therefore a present day sound value developed from the cost in the year when built should be reasonably correct. In other words, while this table does not attempt to make a detailed appraisal, it does show at a glance approximately what the building is worth today and for this reason it is convenient for agents who wish to help the assured arrive at the amount of insurance he should carry, and also in the adjustment of losses. Mr. Markel has submitted his plan to a number of adjusters and also to several large brokerage firms who have approved his plan as sound. The price of the table is \$1 per copy and accompanying each table are full instructions as to its application.

The General American Life of St. Louis, which recently took over all business of the Missouri State Life, has been licensed to write life, health and accident insurance in Arkansas. Carroll Thomas of Little Rock continues as general agent for Arkansas.

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## Burglary Lines in Favorable Position

Industrial Revival Brings Increased Demand for Coverage on Payrolls

### RESIDENCE LINE GOOD

Prospects of Liquor Dealer Insurance Considered—Majority of Banks Accept Counter Cash Restrictions

NEW YORK, Oct. 25.—As a direct result of increased activity on the part of many large industrial and mercantile establishments in different parts of the country, casualty companies report a material gain in the demand for additional as well as new payroll coverage. Assureds that had the coverage for restricted amounts during the depression are now calling for increases to take care of enlarged payrolls and to cover the hold-up hazard.

While the great percentage of insured banks acquiesced to the requirement of the casualty companies that 85 percent of funds insured under burglary policies be kept in vaults under time locks at all hours, some of the institutions hesitate about accepting the restriction, feeling that the extent of their coverage is reduced thereby. Such is not the case, assureds being safeguarded to the full extent of the policy obligation should they sustain loss to that degree through hold-up men.

#### Wisconsin Loss Good Illustration

Only recently one of the prominent companies paid a \$13,000 loss to a Wisconsin bank, the employees of which had been forced by gun-men to stand by until the locked vault was opened when the robbers made away with currency to the amount noted. The limitation to 15 percent coverage on currency on open counters is intended as much as a safety measure to the financial institutions as to the insurance companies, substantially limiting thereby the amount that could be stolen by raiders unwilling to risk waiting until time vaults were opened.

Another feature of the casualty business to which officials are giving thought is the probable effect of the prohibition repeal. Mercantile stock robbery and hold-up indemnity is carried by liquor dealers, and in pre-prohibition days was regarded as a rather attractive line by underwriters. It is anticipated that it will prove so again, although there is some speculation as to the extent of moral hazard in case bootlegging continues.

Residential burglary business, companies generally report, has stood up remarkably well during the past year or two, despite the depression. Losses, contrary to early anticipation, have not been heavy, a fact attributed to the attention of crooks being diverted to bootlegging and various forms of racketeering, where the prospective spoils are greater. Summer hotel risks have also been profitable, the loss record of late having so improved that companies formerly writing such risks sparingly and largely as accommodation, now take the business freely without occasion to regret it.

July, 1929, he changed his employment to a more hazardous class designated "E." Before entering on his new duties the agent of the company called on the assured at his new place of employment. On Nov. 27, 1929 the agent received from the policyholder at his place of employment a renewal premium for six months. On Nov. 30 while riding in an elevator used to transport cars and persons from one place to another he was injured. On March 28, 1930, the company began paying him double indemnity provided under the class "A" for passenger elevator injuries. The payments continued until December 1930, when the company stopped paying. The assured brought action to recover the payments from Dec. 13, 1930, to April 1, 1931. The trial court rendered a verdict in favor of the company on the ground that in no event would the assured be entitled to more than 5/12ths

of the indemnity payable under class "A." The assured urged that the company is estopped to avail itself of the 5/12ths provision for the reason that with full knowledge of his changed occupation the agent solicited and accepted a renewal of the policy for further term of six months.

The higher court holds that the acceptance of the premium had the effect merely of continuing in force the policy previously issued. That policy was specific and unambiguous as to the conditions which would pertain in the event of change of occupation. As a salesman he is entitled to indemnity according to the provisions of the policy. As a garage attendant he was entitled to a different amount. The court says it can conceive of no basis for the operation of the doctrine of estoppel. Judgment for the company is affirmed.

## Ownership of Expirations Arises in Casualty Case

The Virginia supreme court of appeals has decided an interesting case in American Mine Owners Casualty vs. Kelly in which the question of ownership of expirations arises.

Kelly was an agent specializing in compensation insurance on coal mines. After the Virginia compensation act became effective he represented a number of casualty companies. By 1926 they had discontinued business in his territory. Then the Metropolitan Casualty appointed him as agent. He wrote in the Metropolitan Casualty the business that he had theretofore controlled. After a year, it retired. The former

(CONTINUED ON PAGE 47)

**A Good Company, progressing conservatively**



## BANKERS INDEMNITY INSURANCE COMPANY

Newark, New Jersey

*One of the American Group*

**NORTHERN ASSURANCE CO. LTD. OF LONDON**

A PROGRESSIVE COMPANY FOR PROGRESSIVE AGENTS

CHICAGO

NEW YORK

SAN FRANCISCO



## Change in Occupations Up

In Gilchrist vs. Century Indemnity the Ohio court of appeals decided a case where a policyholder changed his occupation without giving notice. He was placed in class "A" as a salesman. In

## ACCIDENT AND HEALTH FIELD

### Tooth Infection Claim Cause

**Issue Arises Over a Case Where Liability Was Denied by the Company**

The deceased, while diving, struck his head and broke part of one tooth. The injury produced a concussion of the brain, and the fracture of the tooth caused the dissemination of "streptococcal organisms" or germs, which were at the root of the tooth, through the body, which infected his brain and this alone in conjunction with the injury caused his death. Before the accident, he was well and quite a healthy man. The insurer set up pre-existing disease as a defense. Held that the infection at the root of the tooth was not a "disease" within the meaning of the policy. Consequently, deceased died by accidental means. As to the second reason, that deceased was not "immediately disabled," the evidence is that he continued to work as best he could, lying down and resting whenever possible, for two weeks. Thereafter he

was confined to his bed until he died. The fact that a man works does not settle the question of his ability to work within the meaning of the policy. A person may work from sheer necessity when, as a fact, he is totally unable to work within the meaning of medical science. The jury answered the question of the insured's ability to work in the negative and found that he was totally disabled from the date of the accident. Judgment for beneficiary affirmed. Massachusetts Protective vs. Lewis. U. S. C. C. A., 3rd Cir. Penn.

### Pushing Blindness Annuity

The Great Northern Life is now pushing its "vision impairment annuity" with excellent results. The contract provides for income of \$100 a month for life in case the assured suffers 90 percent impairment of vision, no matter what the reason or at what age such impairment occurs. Ages written are from 5 to 65 inclusive, with premium changes at age 31 and 51. Single premium rates are \$100, \$125 and \$150, according to the age of the applicant. The

premium may be paid in quarterly or monthly instalments.

A staff of eye specialists has been organized for the examination and treatment of policyholders who are threatened with loss of vision. The company naturally would rather pay for such treatment to save vision, than to pay the annuity for loss of vision.

### Los Angeles Club Meets

LOS ANGELES, Oct. 25.—The Accident & Health Managers Club of Los Angeles at a luncheon-meeting discussed new policies. W. E. Leiby, southern California general agent Massachusetts Indemnity, described his company's three new "non-can" contracts.

### Continental Convention in Ohio

The Continental Casualty held a convention of northeastern Ohio accident and health department managers and agents Oct. 20 in Cleveland. The meeting drew 125 delegates. The principal speaker was A. M. Holtzman, field service director, who spoke on new policy

forms and sales presentations. Walter E. Watt, general agent in Cleveland since 1912, and Robert Harvey, state agent, also spoke briefly. A luncheon was held at noon and the entire group attended the Accident & Health Sales Congress.

### Claim Men Hold First Meeting

Dr. J. J. Moore and Dr. Paul G. Dick, both of the National Pathological Laboratory, spoke at the first fall meeting of the Chicago Claim Association on cancers and tumors, their cause and effect. Dr. R. W. Jack of John Hopkins hospital, Baltimore, was scheduled to talk but was unable to attend. T. W. Hislop, Great Northern Life, presided in the absence of President C. O. Pauley.

The annual meeting and election of officers is set for Nov. 8.

The Central Casualty, now in the Hartman building, Columbus, O., is considering the erection of its own building on property it owns at 741 East Broad street.

## CASUALTY PERSONALS

T. J. Hendra of the Great Lakes Casualty of Detroit gave a talk before the conference of the board of boiler rules of Michigan in Detroit, Oct. 25. He is chairman of the board.

Peyton W. Jones, secretary of the Bankers Health & Life of Macon, Ga., seems likely to become a rival for golf honors of his namesake and fellow Georgian, Bobby Jones. Mr. Jones, who has long been known as one of the outstanding golfers of the Industrial Insurers Conference, again won first honors in the golf tournament at its annual meeting at French Lick Springs last week, turning in the low gross score for the two days' play. Talmadge Dobbs of the Industrial Life & Health, Atlanta, won the cup for low net score; W. B. Belvin, Home Security Life, Durham, N. C., second low gross, and W. R. Lathrop, Southern Life & Health, second low net. Mrs. Lathrop also received a special prize for being the only woman who has ever qualified and played in a conference tournament.

Prize winners in the ladies' bridge tournament were Mrs. Jones, Mrs. E. T. Burr, wife of the retiring president and Mrs. H. N. Lukins of Louisville, wife of the Washington National's general counsel.

George F. Haydon, Milwaukee, manager Wisconsin Compensation Rating & Inspection Bureau, left Milwaukee Saturday with his family on a motor trip to New York and will sail from there to Bermuda. They will be away six or eight weeks.

President G. H. Reaney of the United States Guarantee, who left for the Pacific coast following the conclusion of the annual convention of the National Association of Insurance Agents in Chicago, is due to return to New York City about November 1. He makes a practice of visiting the principal agencies of his company once a year, being anxious to learn field conditions at close range.

E. C. Stone, United States manager Employers Liability, was guest at a luncheon given to Indiana agents of the company by Stone, Stafford & Stone, general agents for Indiana and Kentucky, at Indianapolis. Mr. Stone emphasized the importance of underwriting profit at the present time and stressed the care that should be exercised by agents in the selection of business. No matter how able the home office underwriter may be, he has not the first-hand information of the agent on each risk and much naturally depends upon the ability and the integrity

of the agent in submitting to his company only such business as he regards good.

He pointed out that insurance is more needed in hard times than ever, as it is harder for those who suffer losses to face them now than when conditions are easier. The success of the NRA depends upon sound insurance back of industry, he said.

W. H. Stafford presided over the meeting. About 75 agents were present from all parts of Indiana. Mr. Stone planned to visit Cincinnati and Detroit before returning east.

W. B. Joyce, laid up with a broken ankle at the home of his son, Harold, in New York, is far from being inactive in business matters. He attends to correspondence and other details and is reported to be actively negotiating for control of a casualty company which has been understood to have been on the market for a number of months.

C. J. Alyea, 61, founder of the Belt Automobile, established in 1913, and president for several years, died Oct. 20 at his home in El Paso, Ill., after six weeks' illness. He had been identified with the insurance business since 1899.

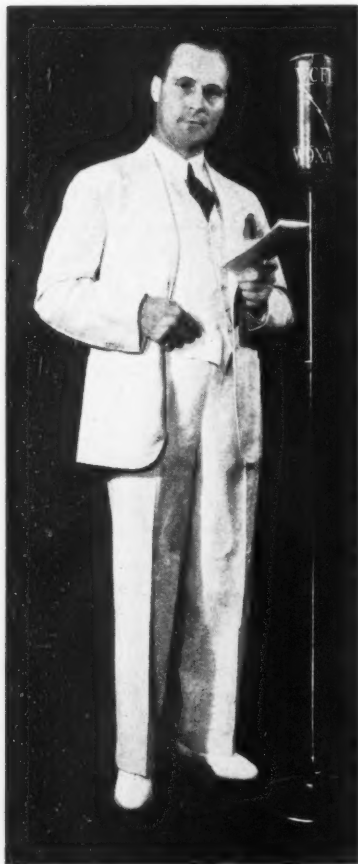
### Broadcast Gets Business

DETROIT, Oct. 25.—The Standard Accident broadcast two programs over radio station WJR, Detroit, shortly before the automobile financial responsibility act went into effect in Michigan. Judge A. E. Gordon explaining this measure. The second broadcast was given over wholly to a series of questions and answers regarding the law. At the conclusion of the second broadcast an announcement was made that a digest of the law would be sent to anyone interested.

Eighteen applications with a total premium of more than \$500 were telephoned in voluntarily the night of the broadcast and scores of other policies were written by Standard Accident agents for persons who listened to these talks. Approximately 20,000 booklets explaining the law were distributed.

### American Casualty's Action

The directors of the American Casualty of Reading, Pa., have voted to reduce the capital from \$1,000,000 to \$500,000. That will be done by reducing the par value of each share from \$10 to \$5. The difference will be transferred to surplus. As of Dec. 31, its assets were \$3,224,021, premium reserve \$677,825, capital \$1,000,000, net surplus \$175,608, premiums \$1,485,908, total income \$1,784,783, claims paid \$1,463,740, underwriting expense \$607,177.



**L**ISTEN to what Mr. J. Robert Johnson, successful Chicago insurance broker, has to say about the big present-day opportunity in the Residence Burglary Insurance field. Consider also the business-getting opportunities in other lines of burglary insurance. . . . You'll find all this information in the October issue of our house organ—POINTERS. Copy on request.

★ ★ ★

## THE OHIO CASUALTY INSURANCE CO.

Home Office

Hamilton, Ohio

Full Coverage Automobile

Automobile Accident  
Burglary

Liability  
Fidelity and Surety Bonds

Plate Glass



## Another Raid by Lloyds Charged

(CONTINUED FROM PAGE 39)

points out that under the provisions of Chapter 4 of insurance laws fidelity bonds furnished by bank officials must be in form fixed and prescribed by the commission. Pointing out that Lloyds is not an insurance company, makes no deposits of securities anywhere in the United States to secure payment of claims and is not authorized to transact business in this state and pays no taxes on premiums received, Mr. Bailey says:

### Bailey Makes Statement

"I submit that as a matter of fairness to tax paying citizens maintaining insurance agencies and as a matter of fairness to companies complying with South Dakota laws and paying taxes to the state that your commission decline to approve in form or substance the proposed policy."

Speaking of the cut-rate practices of Lloyds and the inability of other companies paying taxes to the state and paying salaries and maintaining agencies in the state to meet these rates, Mr. Bailey says: "It is a cut-rate, mail-order proposition, pure and simple, and Lloyds has all the advantages incident to carrying no overhead and paying no taxes. In addition it has such advantages as may be incident to freedom from supervision over or examination of its assets. The organization is not required to make a showing of solvency or submit any information regarding the financial condition of its underwriters."

It is understood that the secretary of the South Dakota Bankers Association has sent members sample Lloyds contracts and an endorsement of their proposition in a manner that has aroused much adverse comment among South Dakota insurance men. Copies of Mr. Bailey's letter have been sent to other members of the state banking commission and Messrs. Vandergrift, Pier and Brisbane.

## Cleveland Accident Health Congress Breaks Records

(CONTINUED FROM PAGE 39)

comparison with the income to be derived from a similar volume of sales in the life insurance field. Mr. Mueller's talk followed largely the same line as that given at the meeting of the National Association of Accident & Health Managers in Pittsburgh. He announced that Cleveland had been definitely selected as the place for the 1934 meeting of the National association.

### Jeffrey Gives Ten Reasons

Mr. Jeffrey's topic was "Why Specialize in Accident & Health?" He listed 10 potent reasons for selling accident and health insurance, which he had presented at the Pittsburgh Sales Congress, and emphasized the broad possibilities for the sale of accident insurance under present day conditions, due to (1) increasing need and (2) increased coverage and improved service granted by agents, managers and companies.

Judge Lee Skeel of the Cleveland common pleas court, president of the Cleveland Safety Council, spoke on "Accident Prevention," telling of some of the results that have been accomplished in Cleveland along that line in recent years.

Prior to the evening session the Cleveland Accident & Health Club "Follies of 1933" was presented, including an excellent one-hour vaudeville program.

Mr. Elton, president of the Harry G. Clarke Company of Pittsburgh, was the first speaker at the evening session on "Time Control." Mr. Elton touched on that subject in his talk on agency management at the National association meeting at Pittsburgh, which was re-

garded as one of the highlights of that meeting, and amplified that angle in his address here. He outlined a definite schedule for the day's activities of the accident and health salesman, together with methods for making such a schedule effective.

Mr. Holtzman emphasized the need for organization, both of the agent's time and his selling procedure. He took up in some detail the seven steps for successful selling: (1) Organizing the day's work, (2) the pre-approach, (3) the personal inventory before the approach, (4) the approach, (5) the demonstration, (6) the close, (7) the after thought. He took issue with the idea of selling the need for insurance coverage, stating that the need is self-evident, but what the salesman must implant is the want for it.

### Keystone of the Arch

Mr. Wilson characterized accident insurance as the "Keystone of the Arch" of all casualty and surety business. It was the forerunner of all other casualty lines, he said, and around it they all formed. It is still a living influence and serves the purpose of holding these lines together in a profitable form. He suggested the need for a further simplification in the schedule of occupational classifications and predicted that a change of that sort will be made in the near future.

The Cleveland Accident & Health Club is the pioneer organization of its kind in the country, having been founded in 1913. An interesting feature of the sales congress was that five charter members, J. C. Green, G. H. Knight, H. H. Hoard, T. D. Russell and W. E. Watt, were in attendance.

## Auto Compensation Plan Is Advocated by Educator

The case for the so-called automobile compensation plan is presented by Patterson H. French of Columbia University in a volume which has just been published by the Columbia University Press. Under this plan, automobile liability cases would be handled by commissions, similar to the industrial commissions which handle workmen's compensation cases, and the question of negligence would not be important. All motorists would be required to carry automobile compensation insurance.

The familiar arguments are brought out by the author in support of the plan—the fact that the large number of automobile cases clog the court dockets today, that the awards under the present system are uneven and are not adjusted closely to the actual economic loss caused by the accident. Some of the arguments which have been brought up against such a plan by insurance interests are cited briefly but are not given much weight by the author. He merely says that the plan will meet with opposition from insurance groups and their power must not be minimized. He charges insurance opposition is based on the fear that compensation compulsory insurance "will bring with it state regulation of rates or even a monopolistic state insurance system."

The most curious feature of the book is the frank abandonment of justice as a ground for awarding damages. It is proposed that for simplicity and to avoid the need of court trials, the owner of the car must pay, regardless of fault. In case of collision each owner is to be liable to the other and to the other's passengers, regardless of fault. The only question for decision will be the injured's earnings. With that determined, the benefits will be simply calculated according to tables of the commission.

Among insurance men who are quoted are Henry Swift Ives, special counsel Association of Casualty & Surety Executives, Edson S. Lott, president United States Casualty, Austin J. Lilly, general counsel Maryland Casualty and E. J. Donegan, formerly general counsel Metropolitan Casualty.

1898 • Thirty-Fifth Anniversary • 1933



We said—

"Give us a picture of 12,000 Agents"

12,000 Maryland Casualty agents in the United States, Canada, Cuba, Puerto Rico, Canal Zone, Panama, Hawaii, and Mexico, means that the Maryland Casualty automobile policyholder always has a friend along the way in case of accident.

Maryland nationwide service means, too, prompt attention and settlement of casualty claims and bonding losses, wherever they appear.



Always say: "We want our protection through the Maryland Casualty Company." It means something.

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PRESIDENT

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Opportunities for Salesmen in

**48 States**

**Income Insurance Specialists**

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**New Amsterdam Casualty Company**

**A Progressive Surety and Casualty Company**

**The A & H Review**

A monthly magazine for health and accident salesmen. \$2 a year.

## Sales Resistance Gone!

Your biggest job is to overcome sales resistance. You can do this if you can make it easy for your prospect to pay for his insurance.

The Buckeye Union has such a plan. It fits today's conditions as no other plan does. Write or wire today for full information on this plan that means more business for you.

Territory in Ohio

The  
**Buckeye Union**  
Casualty Company  
515 E. Broad St.  
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## DON'T

*experiment with automobile insurance this year.*

**I**T doesn't pay to take chances on automobile insurance. The test comes when a claim arises. Then it is reassuring to know the policy is with the Belt Casualty, a stock company, that pays just claims promptly.

Automobile insurance in the Belt Casualty relieves both agent and policyholder of worry—a sales point these days.

*Ask about the careful training and instructions given our agents and you too will understand the value of including the Belt Casualty in your agency.*

**BELT CASUALTY COMPANY**

Home Office  
29 South La Salle Street  
CHICAGO

## SOME OBSERVATIONS BY FIELD EDITOR

(CONTINUED FROM PAGE 10)

plus. In the figures then, the company does show a decrease in its assets and an increase in its surplus.

The switch in company statements from a convention valuation basis to an actual value basis results in a distortion of many relationships. When the convention basis was used, the assets expanded and then the mortgage loans for instance would appear as a much lower proportion of the total assets than would be true when actual values are used and the total assets have been contracted. The mortgage interest, except to an unimportant degree, will appear both in the assets on the convention basis and the assets on the market value basis at face value, that is at a constant figure. In comparing statements today for the same company from year to year, it is more than ever necessary to exercise the greatest care and if possible to obtain authoritative and expert testimony before reaching conclusions.

\* \* \*

The investment picture is changing so rapidly that even a detailed grading of portfolio contents as of last December is not a safe guide for reaching conclusions about a company today. Railroad receiverships for instance have changed the status of many railroad securities so that they would appear today in an entirely different grade than would have been correct for last December. On the other hand, securities which looked to be weak in December may today be taking on a glow of health.

\* \* \*

If you want to get a decided opinion from a fire insurance company executive, ask him whether his company maintains what might be called a fire insurance and allied lines business pro-

motion or production department. The opinions range from the executive who says there "ain't such a thing" to the executive who is convinced that he has a good one. A third executive admits that there may be a production department but he says it is not practical to divide responsibility between an underwriting and a production department. If the production department is the stronger, he says, then the loss ratio is going to get out of bounds and if the underwriting department is stronger then it will usually hamper and cripple the production department to the extent that the production department cannot function happily and successfully.

The one certainty in this field is that the number of departments called production or promotion is increasing and there is a constantly growing number of men in the fire business who believe that ideas may be evolved and applied which will increase the amount of premiums for the companies. This was the contention of one of the great insurance executives, now dead. He believed that promotion and production of business should always have the first consideration and that when the business was brought into the office, the problem of handling it there, accepting, rejecting, sifting and spreading, could be worked out. His picture of a production department did not include one that was out after volume at any cost but one which would operate within safe underwriting practices and still get an increased business. He operated more on the theory of the great, modern industrial sales organizations that merchandizing or selling is a problem deserving the study and attention of a well-manned and separate department.

## Insurance Institute Holds 25th Anniversary Meeting

(CONTINUED FROM PAGE 6)

tual marshalling of insurance courses under one general direction. In conclusion he offered a beautiful tribute to Mr. Hardy for his untiring devotion to the institute.

Members of the conference regretted to see Mr. Barry with his arm in a sling. Last Saturday he tripped over a wire while walking near his home, fell and broke his arm.

W. D. Winter reporting for the committee on education told of the new inland marine course which has 101 members in the first year. The report of Secretary Hardy showed total membership 1,122. The visits of the secretary over the country and in London have proved beneficial. A home is now being erected for the institute, in London. Mr. Hardy expressed the hope that the institute will soon be in a position to do considerable publicity work. A special course in agency management is being considered. He suggested the employment of an educational director to aid the secretary with an educational program.

### Official Staff Re-elected

The election of officers resulted in those now in office retaining their positions: President, J. V. Barry; secretary-treasurer, E. R. Hardy. Board of governors: J. D. Craig, Metropolitan; B. M. Culver, president America Fore; Henry Moir, president United States Life; E. P. Stover, secretary Security; Benjamin Richards, Underwriters Service Association of Chicago; H. E. Feer, Corroon & Reynolds; O. E. Lane, president Fire Association.

The Wayne Insurance & Bonding Company, Monticello, Ky., has been incorporated by R. R. Lee, J. H. Duncan and T. H. Conley.

## H. O. L. C. Head's Proposal in Florida Causes Furore

(CONTINUED FROM PAGE 6)

poration will receive proposals at 10 o'clock Oct. 30 to furnish a blanket certificate form of policy to cover tornado insurance upon all properties upon which the corporation acquires mortgages in Florida. He stated 6,831 applications totaling \$13,204,360 had been filed up to Oct. 14, and he estimates that the corporation will make over \$10,000,000 in loans during the first year.

Then he suggests certain features of proposed insurance contracts which would be "attractive." They include 50 percent coinsurance clause, elimination of the deductible clause, provision for covering errors and omissions, coverage to become effective on completion of loan by the corporation, with 30 days allowed for reporting same to the company; coverage should include all out buildings of every kind and description; rate should preferably be uniform throughout the state, but in no event should there be more than two groups; the master policy and certificate should be non-cancellable, except for non-payment of premium; provisions for customary rate concessions when certificate is for greater than one year period.

Each company is requested to submit a copy of the form of the master policy and a copy of the certificate to be used. A recent financial statement of the company is also required.

### Add to List of "A" Companies

Because of protest that was lodged with the Chicago "Daily News" by companies that were not listed in an article in that paper as having "A" ratings, a supplemental list was published. The original list was of casualty and specialty companies writing automobile insurance in Illinois that enjoyed an

"A" rating from the A. M. Best Company. In an adjoining column was a cartoon showing a man with a tattered umbrella. He was supposed to represent a motorist insured in a "fly-by-night, gyp automobile insurance company." The implication was that a company not on the "A" list was a "gyp." Those companies that were not given a rating because they had not had four years operating experience, either because they are newly organized or because their form of organization or control has been changed, protested to the "Daily News" and that paper printed a list of such companies.

## Review the Michigan Fund

Commissioner of Insurance Attempts to Get Compensation Carrier on Better Basis

LANSING, MICH., Oct. 25.—Commissioner Gauss met with the advisory board of the State Accident Fund and discussed the situation faced by this state compensation carrier with a view of restoring it to a sound financial position. The commissioner was given supervisory power over the fund by the last legislature, the act becoming effective Oct. 17. An audit revealed a deficit of \$184,574 as of June 30. The deficit in 1932 was \$51,583. There has been a steady decline in premium volume while claims paid have maintained almost a constant level. Premium income for fiscal years beginning with June 30, 1930, was revealed as follows: 1930, \$720,482; 1931, \$362,837; 1932, \$368,732; 1933, \$319,611. Claims paid were: 1930, \$374,000; 1931, \$361,000; 1932, \$339,000; 1933, \$307,000.

### Actual Deficit \$172,000

The actual deficit existing now, the commissioner said, is about \$172,000. The volume of uncollected accounts is considerable but it is doubtful if some are collectible. Actual rates are being charged, the commissioner said, and increased premium income is the chief immediate objective if an assessment on the membership is to be avoided.

The commissioner contemplates no immediate personnel change, he said. The present manager is John Haarer, former banker, appointed after the fund had come in for bitter criticism from local agents of stock companies who claimed that rate-cutting and misrepresentation were being countenanced on the part of fund solicitors. The fund was examined at that time but the condition was never revealed.

### State Administrative Board in Charge

It has been under supervision of the state administrative board for several years, during which time a surplus of \$700,000, accumulated during insurance department supervision, has been dissipated and a deficit incurred.

Two new members of the advisory board were named: Charles Binder, Battle Creek market proprietor, and F. R. Moses, Marshall publisher. They fill vacancies on the 15 member board which is made up of insuring employers.

The commissioner announced two new auditors will be employed to check on payrolls and attempt to stop leaks in fund revenues. The fund employs 28 persons with an annual payroll of \$51,620.

### Hobbs New Jersey Speaker

NEWARK, Oct. 25.—C. W. Hobbs, who represents the Commissioners Convention on compensation, spoke today before the Casualty Underwriters Association of New Jersey on "Workmen's Compensation Abuses." Many of the members of the newly created legislative commission organized to investigate the compensation situation in New Jersey were present.

The General Casualty of Seattle, has been licensed in Ohio. J. J. Sherman, Cleveland, is state agent.



## Ownership of Expirations Arises in Casualty Case

(CONTINUED FROM PAGE 43)

manager of the American Mine Owners division of the Metropolitan Casualty then organized the American Mine Owners Casualty and appointed Kelly as its agent. To it went the business of the Metropolitan Casualty. No new contract was executed but the agent worked under his old contract. Under it he was to forward to the company on a certain date all payroll deposits and all earned or deposit premiums received by him. The agent was slow in his remittances. Finally his contract was terminated and the company brought suit for the amount due it.

### Contention as to Expirations

The agent contends that the "expirations" were his private property and could not be revealed to any rival agent, that the agent who has this information knows who the policyholders are, what their policies are and when they expire, and has, by virtue of this, established contact which is confidential in its character, an advantage which no competing agent can overcome.

The court held that were it not for other conduct of the agent, he would be permitted on his discharge to set off against the amount due from him to his company the value of his expirations, provided that the jury were of the opinion that there was a generally recognized custom which gave to him property rights in them. (*Alliance Insurance Company v. City Realty Company*, 52 Fed. (2) 271).

### Undertook to Salvage the Business

It held, however, that when the agent found he would probably be discharged but before his contract was actually canceled, he solicited and later secured an agency from the Bituminous Casualty, a rival company, that he undertook to "salvage the business." The court says that the conclusion is inescapable that he undertook to use this confidential information to switch his business from the American Mine Owners Casualty to his new company. He could not do this and at the same time ask the American Mine Owners to pay for it, the court concludes. Judgment for the American Mine Owners Casualty was therefore affirmed.

### Matlock Heads Seattle Club

George A. Matlock, general agent Loyal Protective, is named president of the Accident & Health Club of Seattle. Other officers are R. P. Morgan, Pacific Mutual Life, vice-president; Mrs. M. G. Closser, National Casualty, secretary, and O. O. Shuberg, Massachusetts Bonding, treasurer.

### Will Draft Cost Agreement

John C. McCollister of Seattle, general agent United States Fidelity & Guaranty, president Casualty Association of Washington, named T. R. Gerdes of the Ocean Accident either to draft a new acquisition cost agreement, or lay before the association a plan for enforcing the present rules. Other members of the committee are A. A. Carson, Hartford Accident; J. E. Charbonnel, Fireman's Fund Indemnity, and Keith Hutchings, Great American Indemnity.

### Experienced Casualty Underwriter Wanted

The Employers' Liability Assurance Corporation has an opening in its Cincinnati, Ohio, office for a young man with underwriting experience in all casualty lines. Apply in writing to

THOMAS E. HANLON  
1804 First National Bank Building  
Cincinnati, Ohio

## Name of Another Person Substituted for Assured

### MUCH CONFUSION RESULTED

### United States District Court Holds the Company Responsible for the Mistake

The United States district court in the district of Minnesota in *Simonds vs. Norwich Union Indemnity* handed down a decision in a peculiar case. On March 12, 1929, the company issued an automobile liability policy to E. T. Jackson. The full premium was paid. Through inadvertence, S. A. Olsen was named as the assured instead of Jackson. On March 16, Jackson struck Simonds' minor son. A judgment of \$9,800 was recovered against Jackson but the execution was returned unsatisfied. Jackson was therefore found guilty of manslaughter and committed to the state reformatory. He was insolvent and has so continued. Jackson gave the company written notice and claimed he was covered by the policy. He did not forward to the company or agent any process or paper relating to the claim or the suit brought against him. Within a few days after the accident the company investigated it and notified Jackson and Simonds that it had no insurance in force covering the accident and refused to defend any of the actions brought against Jackson. It attempted to cancel the policy by paying to Olsen the amount of premium paid thereon by Jackson. The policy was not issued through the connivance, fraud or conspiracy of Jackson with the agent or anyone. The higher court holds that Simonds is entitled to judgment against the company. The policy is to be reformed by substituting the name of E. T. Jackson in place of S. A. Olsen. The plaintiff is entitled to recover \$5,000 with interest, says the court.

### Time Limit Indefinite

The question is whether the last phrase of paragraph (a) of section 8 of the workmen's compensation act should be interpreted to mean that when an employer has done that which is reasonably required to cure an injured employee from the effects of his injury and medical advice indicates that a cure is hopeless, the employer is thereafter relieved from any further liability, under the act, to furnish medical, surgical and hospital services. Held, that this court cannot adopt any literal construction of paragraph (a). In the absence of express statutory authority this court is powerless to place a definite limitation upon the time such medical, surgical and hospital services shall be rendered in any particular case. The legislature has seen fit to amend paragraph (a) and to successively omit the former limitations therein imposed upon the furnishing of medical and hospital services. *W. J. Newman Co. v. Industrial Commission et al.* Ill. Sup. Ct.

J. E. Lassell has been named district agent in charge of the Washington National's newly-established branch at Spokane, Wash. He was formerly with the company at Portland, Ore.

### Harry Allen with Jones Agency

KANSAS CITY, MO., Oct. 25.—Harry Allen, for 25 years specializing in the bond business in Kansas City, has been appointed manager of the bond department of R. B. Jones & Sons, succeeding Miss Grace E. Fowler who died Oct. 17. Mr. Allen was for 13 years with the Phister Company here. Then he went with the Employers' Indemnity, setting up its bond department. For the past six years he has been connected with the Central Surety. Miss Fowler died after only a few days' illness. She had been engaged in insurance work for ten years before going with the Jones company 14 years ago in the bond department.

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# Attorney General Rules on Lloyds

(CONTINUED FROM PAGE 37)

davit of Mr. Lord is deficient and not in compliance with the act, in that it does not disclose that, "the maximum amount of insurance to be assumed by an individual upon any single risk for each kind of insurance is not greater than 10 percent of each underwriter's deposit," and does not show that the liability of each underwriter on any single risk does not exceed 10 percent of such underwriter's deposit.

The affidavit, according to the opinion, does not comply with one section of the act, in that it does not show that the available assets of Lloyds for the payment of losses are at least five times the amount to be assumed net without reinsurance in licensed insurers upon a single risk cumulative for each kind of insurance.

## Conclusion of Opinion

The opinion concludes: "For the reasons above given, we call to your attention that Underwriters at Lloyds, London, are doing business in this state in violation of law, and have neither complied with the statutes nor the regulations of your department. The present policyholders in this organization have no protection and can have no protection as to the payment of their claims as contemplated by the statutes, neither can you, as director of trade and commerce, exercise the supervision over this organization provided for by the statutes. We earnestly urge your prompt investigation of this matter and appropriate action at the conclusion of your investigation."

Mr. Palmer thereupon sought an opinion from Attorney General Kerner. The attorney general's conclusion was that assets deposited by London Lloyds under the law must be within the jurisdiction of the director of insurance of Illinois, so that he can exercise his right of approval when an application for an exchange or withdrawal of such deposits is made. Such an exercise of power by the director is voided if the assets are kept in London or in any other foreign country, or in any state other than Illinois beyond the jurisdiction of the director.

## Assets in Illinois

Furthermore, he expressed the opinion available assets must be kept in Illinois equal to all outstanding claims and other liabilities, plus the unearned premiums on the policies in force, less reinsurance premiums and less the commissions actually paid on such Lloyds' policies.

In this opinion, Kerner recalls in 1928, the then attorney general rendered an opinion to the effect that the construction of "available assets" would permit such assets to be kept at the home office of Lloyds in London, since there was nothing in the statute indicating that the assets had to be kept in Illinois or any one of the other states. In view of that opinion, apparently Mr. Palmer was doubtful of whether he had authority to require London Lloyds to maintain a fund equal to the outstanding claims and other liabilities, although all Illinois Lloyds are required to meet the requirements of the statute.

## Amendments Pointed Out

Mr. Kerner referred to amendments of the Lloyds' law in 1931. The law before amendment provided that an individual underwriter could assume upon any single risk for each kind of insurance a maximum amount not greater than 10 percent of the net worth of that individual, as shown by the rating of such individual in a commercial agency having at least 100,000 subscribers, or by the certificate of a bank satisfactory to the director of trade and commerce where such rating was not obtainable, or in the alternative, it provided that each underwriter might deposit in trust with a responsible bank or trust company in cash, bonds or other securities,

subject to the approval of the director of trade and commerce, to indemnify the policyholders from loss from liabilities created under policies to be issued and providing, however, that the liability of each underwriter on any single risk did not exceed 10 percent of such underwriter's deposit.

This section was amended so that now the act provides the maximum amount of insurance to be assumed by an individual upon a single risk for each kind of insurance may not be greater than 10 percent of each underwriter's deposit, which must be deposited in trust with a responsible bank or trust company in the form of cash, bonds or other securities, subject to the approval of the director of trade and commerce, and which securities cannot be exchanged or withdrawn without the approval of the director.

## Commercial Rating

Prior to the amendment, Kerner pointed out, a commercial rating was sufficient, but now an individual deposit must be made. The only assets which now may be used in accordance with the statutory provision are assets which must be subject to the control of the director of trade and commerce. It would seem clear, he declared, that the legislature in the passage of its amendment contemplated that all underwriters' deposits should be made subject to the control by the director of trade and commerce and as such must be available for his examination and approval.

Mr. Palmer advised White & Hawthurst he had held a conference with Mr. Lord and set forth, as a requisite for continued operation of London Lloyds, the deposit and maintenance in a bank or trust company in Illinois of \$250,000 in money or approved securities, which shall not be subject to withdrawal or exchange, except upon the approval of the director of insurance.

## Annual Statement

The annual statement, according to Mr. Palmer, must contain certification that the assets of the Underwriters at Lloyds, London, available for any losses upon Illinois business shall be at least five times the amount assumed net without reinsurance upon a single risk, cumulative for each kind of insurance. In addition, the statement shall show all premiums collected on Illinois business, all losses on Illinois business, the names of underwriters operating through the attorney-in-fact in Illinois, the names of all brokers through whom the underwriters operate in Illinois. All brokers' books will be subject to periodic examination to determine the amount of business placed with the attorney-in-fact. The deposit will also be subject to examination.

Whether those who instigated the investigation will be satisfied with Mr. Palmer's conclusion to demand a deposit of \$250,000 is doubtful. That is an arbitrary figure and it is possible that representations will be made to Mr. Palmer to induce him to increase the requirement.

# Surety Men Deny Meet With Lloyds

(CONTINUED FROM PAGE 37)

ers generally are paying more attention than in the past to the force of public opinion. Their attitude therefore may be modified.

Important political influence has been promised for legislation designed to make it unprofitable for American banks, many of which have received aid from

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the R. F. C., to patronize a British office, not paying any taxes of consequence in this country and operating under cover and without legal authority in nearly every state in the Union.

# School Bus Liability Cover Now Held Optional in Ohio

School bus liability insurance is optional with boards of education in Ohio; the permission for school bus liability insurance granted in section 7731-5 G. C. includes accident insurance covering pupils, and both propositions apply whether the school board operates its own buses or provides them by contract. This is the ruling of Attorney-general Bricker of Ohio, on questions submitted by W. J. Schwenck of Bucyrus, prosecuting attorney of Crawford county.

Some years ago an attorney-general of Ohio ruled that school board funds could not be used to purchase liability insurance because the school boards were not subject to damage suits for injuries growing out of the operation of school buses. Shortly thereafter a trial court at Elyria, O., gave a judgment of \$375 in favor of Maynard Rising, 8, of Grafton township, against the Grafton township board of education. It was charged in the plaintiff's petition that the crowded condition of the bus and the faulty latches on the door caused the boy to fall out of the school bus and under the rear wheel.

Notwithstanding this decision the attorney-general's ruling was apparently never revoked and school boards throughout the state felt unable to spend money for school bus liability premiums. The legislature corrected this condition by passing the section referred to, 7731-5 of the general code.

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These aren't all the questions, but you'll find some of the answers in the October issue of The Employers' Pioneer. We will gladly send you a copy. There is no obligation on your part. Send your request to The Publicity Dept., 110 Milk Street, Boston.

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